



# NAVAL POSTGRADUATE SCHOOL

MONTEREY, CALIFORNIA

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**MBA PROFESSIONAL REPORT**

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## **TRAINING FOR SUCCESS: A COMPARISON OF ANTI-FRAUD KNOWLEDGE COMPETENCIES**

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**December 2014**

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**TRAINING FOR SUCCESS: A COMPARISON OF ANTI-FRAUD KNOWLEDGE  
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# **TRAINING FOR SUCCESS: A COMPARISON OF ANTI-FRAUD KNOWLEDGE COMPETENCIES**

## **ABSTRACT**

The United States Air Force (USAF) spends billions of dollars each year on procurement contracts ranging from simple services to major weapons systems acquisitions. While procurement spending provides the USAF with access to specialized services that would not normally be available within the Department of Defense, procurement fraud is an unfortunate byproduct of the acquisition process. As the primary agency responsible for investigating incidents of major procurement fraud in the USAF, the Air Force Office of Special Investigations (AFOSI) has developed and implemented a number of specific training programs that focus on anti-fraud and financial crimes education for the special agents assigned to conduct fraud investigations.

In an effort to foster continued program improvement, this research compared AFOSI anti-fraud training curriculum and certification requirements with the professional standard anti-fraud certification requirements established by the Association of Certified Fraud Examiners (ACFE). The comparison identified gaps and overlaps between the AFOSI training requirements and the ACFE certification requirements.

This research identified that approximately two-thirds of the knowledge competencies overlapped between the two sets of requirements. The overlaps implied a common understanding between the two organizations regarding the knowledge competencies necessary for an individual to possess in order to adequately investigate fraud. The gaps in knowledge competencies between the two organizations were attributed to differences in purview, organizational mission, and jurisdiction between the AFOSI and the ACFE.

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## **LIST OF ACRONYMS AND ABBREVIATIONS**

|        |  |
|--------|--|
| ACFE   | Association of Certified Fraud Examiners             |
| AFAA   | Air Force Audit Agency                               |
| AFI    | Air Force Instruction                                |
| AFOSI  | Air Force Office of Special Investigations           |
| ATF    | Bureau of Alcohol, Tobacco, Firearms, and Explosives |
| BEP    | basic extension program                              |
| BSIC   | basic special investigations course                  |
| CFE    | certified fraud examiner                             |
| CFETP  | career field education and training plan             |
| CITP   | criminal investigator training program               |
| CMIR   | currency and money instrument report                 |
| CTR    | currency transaction report                          |
| CY     | calendar year  |
| DCIS   | Defense Criminal Investigative Service               |
| DOD    | Department of Defense                                |
| DODD   | department of defense directive                      |
| FAR    | federal acquisition regulation                       |
| FBAR   | foreign bank and financial accounts report           |
| FBI    | Federal Bureau of Investigation                      |
| FinCEN | Financial Crimes Enforcement Network                 |
| FLETC  | Federal Law Enforcement Training Center              |
| FY     | fiscal year  |
| MCIO   | military criminal investigative organization         |
| NCIS   | Naval Criminal Investigative Service                 |
| PATP   | probationary agent training program                  |
| PF     | AFOSI Office of Procurement Fraud                    |
| SAR    | suspicious activity report                           |
| STS    | specialty training standard                          |
| UCMJ   | Uniform Code of Military Justice                     |

|         |  |
|---------|--|
| USAF    | United States Air Force                                |
| USAFSIA | United States Air Force Special Investigations Academy |
| USSS    | United States Secret Service                           |
| U&TW    | utilization and training workshops                     |

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Dr. Juanita Rendon and Dr. Rene Rendon both have extensive background in government acquisition and the fraudulent activity that often threatens the procurement process. This experience made the Rendons the obvious choices for guidance and research assistance as we tackled the important subject of anti-fraud training for special agents. It has been our absolute pleasure to work with you both!

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# **I. INTRODUCTION**

## **A. BACKGROUND**

Acquisition and contracting play significant roles in achieving government effectiveness and efficiency. Procuring products and services has become a standard practice in fulfilling government requirements. Whether contracting with a private company to provide services at a lesser cost to the government or acquiring complex technology that is beyond the scope of traditional agency capabilities, contract spending provides the United States Air Force (USAF) with access to specialized services not organic to the Department of Defense (DOD).

The USAF spends billions of dollars a year on contracts ranging from simple services to major weapons systems. In fiscal year (FY) 2014 alone, \$18.8 billion was budgeted for “blue”—USAF only—procurement (Office of the Under Secretary of Defense/Comptroller, 2013). Government funding for defense acquisition is a finite resource, and those entrusted with the authority to obligate taxpayer dollars should do so with the greatest responsibility.

In an effort to establish a system that promotes fiscal responsibility and stewardship, the federal government and subordinate agencies, such as the DOD, have utilized a contract management process. The contract management process is predicated on statutory requirements and regulations that seek to standardize and manage the procurement process to limit fraud, waste, and abuse, and provide the end customer with the best product available in a timely manner (Federal Acquisition Regulation [FAR] 1.102).

As with any established process, the contract management process is not immune to fraud, waste and abuse. Procurement fraud has been prevalent throughout the history of government acquisition (Davidson, 1997). Fraud is prevalent in government contracting due to multiple factors. These factors include weak internal controls that are often present in large bureaucratic structures, government and contractor employees who justify fraud as a victimless crime, an overall apathetic atmosphere within DOD towards

detering fraudulent activity, and the large amount of government spending that will always attract individuals willing to engage in illegal activity for monetary gain (Lander, Kimball & Martyn, 2008).

In addition to the fiscal responsibilities associated with government spending, all government agencies must have an effective process in place to detect and prevent fraudulent activity within their departments. The USAF established the Air Force Office of Special Investigations (AFOSI) to help combat fraud within Air Force procurement channels. The AFOSI was founded in 1948, primarily in reaction to a widely publicized criminal prosecution involving a high-ranking USAF general officer charged with multiple counts of fraud (Kidwell, 2014). AFOSI founders worked closely with the Federal Bureau of Investigation (FBI) to design a functional organizational structure that would address various forms of criminal activity. Similar to the FBI, the AFOSI took on the responsibility of investigating all felony-level crimes involving USAF personnel and assets, including fraud and financial crimes. The AFOSI also became the lead authority on counterintelligence matters affecting USAF interests.

The AFOSI's wide range of responsibilities poses additional challenges aside from those found in day-to-day operations. AFOSI special agents assigned to major procurement fraud positions are required to possess a distinctive knowledge base due to investigative complexities not normally found in general criminal or counterintelligence investigations. To address the specialized knowledge required throughout fraud investigations, the AFOSI has developed and implemented a set of knowledge competencies all special agents must possess to be considered fully qualified, referred to throughout the agency as *credentialed*. Additionally, the AFOSI established a number of specific continuing education training programs that focus on anti-fraud and financial crimes.

With ever-changing economic conditions facing every marketplace, the importance placed on fraud awareness has considerably increased in the non-government sector over the past few decades. The Association of Certified Fraud Examiners (ACFE) has quickly emerged as the industry standard for fraud examination expertise. The ACFE was founded by Dr. Joseph Wells, who had worked as both an accountant and an FBI

agent (ACFE, 2014b). From his experience, Dr. Wells identified a gap between accountants and auditors with extensive knowledge of finance and the law enforcement professionals charged with conducting criminal investigations. Dr. Wells wanted to combine the expert knowledge from both industries to fill the capability gap and provide fraud examiner education to both finance and law enforcement professionals alike. The ACFE is now the largest organization in the world that specializes in anti-fraud and financial crimes training and education. With membership numbering at approximately 75,000, the ACFE is the organization recognized for its expertise in anti-fraud education and training (ACFE, 2014b). Like the ACFE, the AFOSI places significant emphasis on preparing its personnel for success in fraud investigations.

The continuous improvement and development of personnel is a large part of the foundational pillar of the AFOSI (“AFOSI Mission, Vision, & Vector,” n.d.). To objectively compare the current status of the AFOSI anti-fraud training program, this research project uses the ACFE’s *Fraud Examiners Manual* as the professional standard body of knowledge in terms of curricular and knowledge required for fraud examination and certification. Similar to the AFOSI, the ACFE was established to fill a need for professionals disciplined in fraud examination. The goal of this research is to extend the AFOSI foundation by addressing gaps and overlaps between AFOSI and ACFE anti-fraud competencies to achieve overall training process improvement.

## **B. RESEARCH QUESTIONS**

This project answers the following research questions:

1. What are the ACFE professional fraud investigation knowledge competencies required for certification?
2. What are the AFOSI fraud investigation knowledge competencies required for credentialing?
3. How do the ACFE and AFOSI required fraud investigation knowledge competencies compare?

## **C. PURPOSE OF RESEARCH**

The purpose of this research is to identify the specific fraud investigation knowledge competencies required by both the AFOSI and ACFE for credentialing and/or

professional certification. Required competencies for each agency are analyzed and compared to determine whether any gaps and/or overlaps exist between the AFOSI and ACFE. The comparison addresses any similarities or differences between AFOSI fraud investigation knowledge competencies and the professional fraud investigation knowledge competencies (hereafter referred to as *knowledge competencies*) established by the ACFE.

#### **D. METHODOLOGY**

The methodology for this research consists of a literature review and a comparative analysis. This literature review identifies the specific requirements that the AFOSI and the ACFE have identified as necessary competencies to conduct fraud investigations. The AFOSI fraud knowledge competencies are required to be considered a fully credentialed special agent, while the ACFE competencies are required to earn the Certified Fraud Examiner (CFE) certification. Clearly identifying each specific competency allows for a viable comparative analysis.

This comparative analysis compares the AFOSI and ACFE required knowledge competencies to determine whether any gaps and/or overlaps exist between AFOSI fraud investigation competencies for credentialing and ACFE fraud investigation competencies for certification.

#### **E. BENEFITS AND LIMITATIONS**

The benefits associated with this research consist of a breakdown of AFOSI and ACFE required fraud knowledge competencies, including a comparative analysis of both sets of competencies. The comparative analysis provides agency leadership with a well-defined snapshot of how well AFOSI competency requirements compare to ACFE competency requirements. Competency gaps or overlaps could be used to adequately define the level of preparation AFOSI special agents receive to appropriately conduct fraud investigations. Moreover, any identified gaps should provide a solid starting point for assessing the effectiveness of agency anti-fraud training.



A major limitation of this research is that it uses only one source, the ACFE's *Fraud Examiners Manual*, as a professional standard body of knowledge. Furthermore, the research does not incorporate the required knowledge competencies from any other military criminal investigative organizations (MCIOs), such as the Naval Criminal Investigative Service (NCIS) and Defense Criminal Investigative Service (DCIS), nor does it include other federal agencies' required knowledge competencies, such as the FBI. The absence of additional criminal investigative service knowledge competencies limits the ability to establish a suitable baseline or conduct a comparative analysis between federal agencies. Finally, this research analyzes solely federal agency competency requirements, specifically the AFOSI's, which, unlike non-government organizations such as the ACFE, are often driven by official government policy and statutory regulations.

#### **F. ORGANIZATION OF REPORT**

This research paper consists of five chapters. Chapter I includes pertinent background information, the purpose of this research and subsequent research questions, the methodology used, benefits and limitations, organization of report, and a summary. Chapter II includes a background of the ACFE and a literature review of the professional standards and knowledge competencies that the ACFE requires for certification as a fraud examiner. Chapter III includes a background of the AFOSI and a literature review of the knowledge competencies required to become a credentialed special agent. Chapter IV includes the comparative analysis of the knowledge competencies identified by the ACFE and AFOSI, as well as recommendations on how to improve anti-fraud training within the AFOSI. Chapter V presents a summary and conclusion of the research and identifies possible areas for further research.

#### **G. SUMMARY**

This chapter provided the background for this research paper. It included the research questions and the purpose of the research. Additionally, this chapter provided the methodology used to address the research questions and the benefits and limitations associated with the completion of this research. Finally, this chapter explained the

organization of this research paper. The following chapter consists of a literature review concerning the history of the ACFE and the fraud investigation knowledge competencies required for ACFE certification.

## **II. ASSOCIATION OF CERTIFIED FRAUD EXAMINERS LITERATURE REVIEW**

### **A. INTRODUCTION**

Chapter II provides an overview of fraud as well as a background on the Association of Certified Fraud Examiners (ACFE) organization. In addition, the chapter explains the requirements for obtaining and maintaining certification as a fraud examiner under the ACFE. Finally, the chapter identifies the ACFE competencies, all of which are contained in the *Fraud Examiners Manual*. Although the ACFE does not have an official body of knowledge, this research project treats the *Fraud Examiners Manual* as a de facto body of knowledge as it contains all of the ACFE fraud investigation knowledge competencies, hereafter referred to as *knowledge competencies*.

### **B. OVERVIEW OF FRAUD**

*Merriam-Webster* defines fraud as the “intentional perversion of truth in order to induce another to part with something of value or to surrender a legal right” or more simply “an act of deceiving or misrepresenting” (“Fraud, n.d.). The ACFE utilizes *Black’s Law Dictionary’s* definition that fraud is a “knowing misrepresentation of the truth or concealment of a material fact to induce another to act to his or her detriment” (“Fraud,” 2004). Famed criminologist Donald R. Cressey (1973) identified the components that now comprise the fraud triangle as a means of explaining why fraud occurs. He hypothesized:

Trusted persons become trust violators when they conceive of themselves as having a financial problem which is non-shareable, are aware this problem can be secretly resolved by violation of the position of financial trust, and are able to apply to their own conduct in that situation verbalizations which enable them to adjust their conceptions of themselves as trusted persons with their conceptions of themselves as users of the entrusted funds or property. (Cressey, 1973, p. 30)

As illustrated in Figure 1, Cressey (1973) believed that an individual commits fraud when three factors are present: pressure, opportunity, and rationalization. *Pressure* refers to an individual’s motivation to commit the fraud. When individuals are faced with

a financial problem, whether personal or professional, that they are unable to solve through legitimate means, they begin to contemplate committing fraud as a means of resolving their problem. Examples of pressures that commonly lead to fraud are living beyond one's means, immediate financial need, debts, poor credit, drug or gambling addiction, and/or family pressure (Biegelman, 2013).

The opportunity portion of the triangle refers to individuals identifying circumstances and/or vulnerabilities within their company that they can exploit for personal gain (Wells, 2005). The individual identifies a way to use his or her position to commit the fraud and believes that there is a low risk of getting caught (ACFE, 2014e). Examples of such vulnerabilities include a lack of oversight or supervision or too much trust/responsibility placed in one individual (Wells, 2005). Rationalization refers to how the fraudsters justify the crime to themselves. Most are first-time offenders who see themselves as "ordinary, honest people who are caught in a bad set of circumstances" (ACFE, 2014f). Rationalization allows them to view the crime as justified or acceptable. Common rationalizations include the individuals feel they were owed the money, their employer deserved it, or that fraud is a victimless crime (Biegelman, 2013).



Figure 1. The Fraud Triangle (from Thoresen, Diaby, Helle, Condon & Hodge, 2013)

A variation on the fraud triangle theory is the fraud diamond (Figure 2). Hermanson and Wolfe (2004) added a fourth dimension to the Fraud Triangle: capability. An individual must have the necessary traits and abilities to commit the fraud. These

traits and abilities include intelligence, self-confidence, and “being able to handle the stress that occurs when perpetrating fraud” (Biegelman, 2013, p. 10; Hermanson & Wolfe, 2004).



Figure 2. The Fraud Diamond (from Hermanson & Wolf, 2004)

Within the DOD environment, one may hear the phrase “fraud, waste, and abuse” in reference to procurement spending. Although these terms are sometimes treated as interchangeable, it is worth noting that they have different definitions. The Government Accountability Office (GAO) defines *fraud* as “any intentional deception taken for the purpose of inducing DOD action or reliance on that deception. Fraud can be perpetrated by DOD personnel—whether civilian or military—or by contractors and their employees” (GAO, 2006, p. 3). GAO (2006) also defines *waste* as “the extravagant, careless, or needless expenditure of DOD funds or the consumption of DOD property that results from deficient practices, systems, controls, or decisions. Waste includes improper practices not involving prosecutable fraud” (p. 3). Finally, GAO (2006) defines *abuse* as “the manner in which resources or programs are managed that creates or perpetuates waste or contributes to acts of fraud. Abuse is also called mismanagement” (p. 3).

The literature review identified certain knowledge areas as common for fraud investigation. These included the various fraud schemes, the law as it relates to fraud, ethics, and fraud prevention. Other common knowledge areas identified in the literature

review pertained specifically to investigating fraud. These knowledge areas included how to conduct a fraud investigation/examination, obtaining and handling evidence, as well as different kinds of interviews to conduct in support of a fraud investigation/examination.

According to the *ACFE Report to the Nations* (ACFE, 2014a), the average firm loses approximately five percent of annual revenues to fraud. From a global perspective, that amounts to a loss of almost \$3.7 trillion (ACFE, 2014a). At the same time, there are significant indirect costs associated with fraud. These include “lost productivity, reputational damage and the related loss of business, as well as the costs associated with investigation and remediation of the issues that allowed them to occur” (ACFE, 2014a, p. 8). Of the approximately 1400 certified fraud examiners surveyed for the *Report to the Nations*, the ACFE (2014a) found that dollar losses ranged from less than \$200,000 to over a million dollars. Approximately, 15 percent of the cases were related to government entities, with a median loss of \$90,000 (ACFE, 2014a). Looking at industries victimized by fraud, government and public administration was second only to banking and financial services in terms of frequency of cases (ACFE, 2014a). The median duration of all the fraud schemes surveyed was 18 months (ACFE, 2014a).

The *ACFE Report to the Nations* (2014a) included an entire section on occupational fraud. *Occupational fraud* was defined as those crimes in which “an employee, manager, officer, or owner of an organization commits fraud to the detriment of that organization” (ACFE, 2014e, p. 1.201). The ACFE has classified all related fraud schemes into three main categories: asset misappropriation, corruption, and financial statement fraud (ACFE, 2014a). Known as the fraud tree, this classification of schemes is reproduced in Appendix A. Approximately 30 percent of the cases surveyed in the ACFE study involved more than one type of occupational fraud scheme (ACFE, 2014a).

*Asset misappropriation* can be defined as “the misuse of any company asset for personal gain” (Wells, 2005). The *Fraud Examiners Manual* (ACFE, 2014e) identifies three main categories of asset misappropriation, which include cash, fraudulent disbursements, and inventory/other assets. Cash schemes include skimming and larceny. Skimming refers to theft of money before it is recorded on the victim organization’s

books. Larceny refers to theft of money after it has been recorded on the victim organization's books. Fraudulent disbursements include schemes such as fictitious employees or expenses, falsified wages, and shell companies. The term *shell company* refers to a "fictitious entity created for the sole purpose of committing fraud" (Wells, 2005, p. 122). Inventory/other asset schemes include misuse and larceny of an organization's tangible property. Examples of these schemes in a procurement environment include a contractor billing the government for fraudulent expenses or ghost employees. Ghost employees are employees who either do not exist, or do not actually work for the company. The term *corruption* describes

various types of wrongful acts designed to cause some unfair advantage, and it can take on many forms. Generally, corruption refers to the wrongful use of influence to procure a benefit for the actor or another person, contrary to the rights of others. (ACFE, 2014e, p. 1.601)

In an organization, the area that sees the highest incidents of corruption is the purchasing section (ACFE, 2014e). Furthermore, "most corruption schemes involve employees acting alone or employees and vendors/contractors acting in collusion" (ACFE, 2014e, p. 1601). An example of corruption in a procurement environment includes a contracting officer accepting a bribe or gratuity in exchange for awarding a contract to a specific contractor or vendor. A real world example of this would be the case of Darleen Druyun, an Air Force acquisition official who used her position to steer contracts to Boeing. In return, Druyun received follow on positions with Boeing for herself and family members (Mokhiber, 2003; Weissman, 2004).

The term *financial statement fraud* refers to "the deliberate misrepresentation of the financial condition of an enterprise accomplished through the intentional misstatement or omission of amounts or disclosures in the financial statements to deceive financial statement users" (ACFE, 2014e, p. 1.203). Financial statement fraud usually involves an organization overstating its assets while understating its liabilities (ACFE, 2014e). A real world example of financial statement fraud would be the Enron scandal, in which the company neglected to report billions of dollars of debt, thus giving the appearance that the company was more lucrative (Chandra, Ettredge, & Stone, 2006). The opposite approach—— understating assets and overstating liabilities—— can also be

seen in incidents of financial statement fraud. Specifically, an example of financial statement fraud within the procurement environment would be a contractor who understates his or her revenues or number of personnel in order to maintain small business status. Having established an overview of fraud, the next section will discuss the background of the ACFE.

### **C. ASSOCIATION OF CERTIFIED FRAUD EXAMINERS BACKGROUND**

Dr. Joseph T. Wells began his career as an audit staff member with Coopers and Lybrand (now PriceWaterhouseCoopers) (ACFE, 2014b). After two years with the company, he became a special agent with the Federal Bureau of Investigation (FBI). As an agent, Dr. Wells developed his skills investigating all types of fraud cases. After ten years with the FBI, Dr. Wells left government work and formed his company, Wells & Associates (ACFE 2014b). Wells & Associates was comprised of criminologists who specialized in “fraud detection and deterrence” (ACFE, 2014b).

Six years later, in 1988, Dr. Wells established the ACFE. Through discussions with his colleague, Dr. Donald Cressey, Dr. Wells realized that efforts to investigate and prevent fraud were often executed by two entirely separate groups: “accountants who didn’t know anything about investigating fraud, and investigators who didn’t know anything about accounting” (ACFE, 2013, p. 1). With the establishment of the ACFE, Dr. Wells combined the knowledge of these two disciplines under one organization.

The ACFE was the first organization dedicated solely to fraud detection and deterrence. Since its inception, few other organizations have successfully established themselves for the purpose of preventing and detecting fraud. To date, the ACFE remains the premier organization for anti-fraud efforts, with more than 70,000 members worldwide (ACFE, 2014a, p. 79).

Further reinforcing the ACFE’s prominence in the field of fraud is the extensive list of authors who cite the ACFE and its products in their works. Biegelman (2013) and O’Gara (2004) both cite ACFE statistics and teachings when discussing principles of fraud and its prevention and detection. Other authors include Ziegenfuss (2001), Saksena (2010), and Daigle, Hayes, and Morris (2014). Authors referencing the ACFE from



international perspectives include Kiymet and Crowther (2006), Peltier-Rivest (2009), and Sánchez (2010). Even textbooks offering guidance on fraud examination and investigation utilize the ACFE as a reference source (Albrecht, Albrecht, Albrecht, & Zimbelman, 2012; Silverstone & Davia, 2005; Wells, 2005). With this context in mind, the next section will address the certification requirements for the ACFE.

#### **D. ASSOCIATION OF CERTIFIED FRAUD EXAMINERS CERTIFICATION REQUIREMENTS**

For the purposes of this research, the requirements for the ACFE certified fraud examiner (CFE) are treated as the counterpart to the requirements for the AFOSI special agent. There are several requirements for an individual to achieve, and maintain, status as a CFE. To become a CFE, an individual must have earned 50 points in the ACFE's point system. This is accomplished through education and work experience. An individual must have at least two years of industry-specific experience. "Industry-specific" includes experience in the fields of accounting and auditing, criminology and sociology, fraud investigation, loss prevention, and law (ACFE, 2014c).

Within the ACFE website, individuals may input their number of years of experience and their level of education (ACFE, 2014c). The website then calculates a score for the individual. Each year of work experience directly or indirectly related to fraud is worth five points. Completion of a bachelor's degree or equivalent is worth 40 points. Each master's degree or equivalent is worth 5 points, while each PhD or equivalent is worth 10 points. Individuals may also earn 10 points for each additional professional certification (ACFE, 2014c). Appendix B lists the ACFE approved professional certifications for point purposes. For the purpose of this research, the previously mentioned CFE certification requirements are provided for general understanding only. This research and analysis focuses primarily on the CFE examination and certification requirement, as discussed in the next section.

To earn the CFE credential, an individual must also sit for and pass a comprehensive exam with a score of 75 percent or better. The exam consists of four sections, with 125 questions per section. The four sections are broken down by subject

matter to reflect the four-volume structure of the *Fraud Examiners Manual* (ACFE, 2014e), which will be discussed later. The goal of the exam is not that a CFE should be an expert in every type of fraud. Rather, the exam is intended to ensure CFEs have a basic working knowledge of aspects of all types of fraud.

Once certified, CFEs must fulfill annual continuing professional education (CPE) requirements in order to maintain their certification. Of the total 20 CPE hours per year, two of these hours must be courses focused on ethics, 10 hours must be courses focused on anti-fraud, and eight hours in any subject matter related to fraud. This continuing education serves to keep members current on advancements and information within the fraud community.

The previously discussed requirements were established by the ACFE Board of Regents. The board consists of five voting members, who serve two-year terms. When establishing the CFE requirements, the board looked to mirror the requirements after those of other professional certifications, such as the certified public accountant (CPA) certification. Having established the requirements to become a Certified Fraud Examiner with the ACFE, the next section will discuss the ACFE fraud investigation knowledge competencies.

#### **E. DETERMINING THE ACFE FRAUD INVESTIGATION KNOWLEDGE COMPETENCIES**

The *Fraud Examiners Manual* is considered the ACFE's de facto body of knowledge. The first edition of the manual was written in 1989. To develop the manual, Dr. Wells compiled information from various subject matter experts (SMEs) from fields such as accounting, auditing, legal, and criminology. The manual is reviewed each year by a team of professionals. Each team member reviews those sections of the manual pertaining to his or her area of expertise. Any information that needs to be added or revised is submitted for inclusion in that year's edition of the manual. In addition, new information can be submitted from SMEs in the field.

The manual itself is divided into four volumes, with each volume addressing a specific topic area to include financial transactions and fraud schemes, law, investigation,

and fraud prevention and deterrence. The following sections provide a brief description of each volume and its contents. The ACFE knowledge competency model, created for this research project and found in Appendix C, offers a visual breakdown of the manual and its knowledge competencies.

Volume I of the *Fraud Examiners Manual* covers financial transactions and fraud schemes (ACFE, 2014e). It consists of three main sections: financial transactions, occupational fraud schemes, and other fraud schemes. The financial transactions section includes knowledge on accounting concepts. The competencies listed under occupational fraud schemes include financial statement fraud, asset misappropriation (cash receipts, fraudulent disbursements, and inventory/other assets), and bribery and corruption. Other fraud schemes include financial institution fraud, check and credit card fraud, theft of intellectual property, insurance fraud, health-care fraud, consumer fraud, computer and internet fraud, and contract/procurement fraud.

Burguet and Che (2004) argue that bribery in the competitive procurement environment is widespread. To illustrate the scope and magnitude of the issue, Burguet and Che cite a 1988 investigation that looked specifically at defense procurement fraud. This investigation alone led to the “conviction of 46 individuals and 6 defense corporations, with fines and penalties totaling \$190 million” (Burguet & Che, 2004, p. 50-51).

Osei-Tutu, Badu, and Owusu-Manu (2009) add to the discussion by stating the dollar value for bribes occurring annually in public procurement is between \$390-\$400 billion. Relating this fact back to the larger umbrella of corruption, Osei-Tutu, et al. (2009) contend that corruption has an impact beyond the procurement environment. Specifically, corruption “hinders economic development, reduces social services, [and] diverts investments in infrastructure and social services” (Osei-Tutu, et al., 2009, p. 237).

In 2004 alone, the estimated losses from the theft of intellectual property were \$250 billion and rising (Settle, Passyn, Diriker, & DiBartolo, 2010). By comparison, as of 1998, losses from computer fraud were estimated at approximately \$9 billion (Casabona & Yu, 1998). Casabona and Yu (1998) discuss the variety of violations encompassed in computer crime, which include theft of money, illegal trespasses, theft of services,

damage to software, alteration of data, and theft of information. Miyazaki (2009) contends that insurance claim fraud is the most common insurance fraud scheme. Furthermore, fraud “costs insurance companies, policymakers, and taxpayers billions of dollars every year and has been described as the second largest white collar crime” (Miyazaki, 2009, p. 589).

Looking specifically at military procurement, Karpoff, Lee, and Vandrzyk (1999) show how attractive this “big business” (p. 810) can be to fraudsters. From 1981 to 1995, 26 percent of defense outlays, as well as 1.43 percent of the gross national product, went towards military procurement (Karpoff, Lee, & Vandrzyk, 1999). As of 2006, procurement was estimated to consume more than one-third of all government outlays (Schapper, Veiga, Malta, & Gilbert, 2006).

Similar to the ACFE, O’Gara (2004) identified several schemes of major fraud, including misappropriation, corruption, bribery, fraudulent financial reporting, and price fixing/bid rigging. GAO identified similar fraud schemes that specifically impact the DOD, which included “creating or altering documents (e.g., claims, travel vouchers, invoices); forging signatures; or establishing false accounts for fictitious people or companies” (GAO, 1998, p. 18).

Volume II of the *Fraud Examiners Manual* covers law and also consists of three main sections: an overview, punishing offenders, and practice and procedure (ACFE, 2014e). The overview consists of a synopsis of the U.S. legal system, the law as it relates to fraud, bankruptcy fraud, securities fraud, money laundering, and tax fraud. The section on punishing offenders contains two competencies: criminal prosecutions and the civil justice system. The practice and procedure section contains the competencies such as individual rights during examinations, basic principles of evidence, and expert witness testifying. The impact of prosecution and punishing offenders is worth noting. As Biegelman (2013) explained, “Prosecutions, convictions, and the resulting prison sentences are a deterrent to fraudsters” (p. 247).

As indicated by the competencies of Volume II, fraudsters can be punished under the civil justice system as well as the criminal justice system. A main distinction between criminal and civil law is that criminal law addresses “offenses of a public nature” while

civil law “provides remedies for violations of private rights” (Albrecht et al., 2012, pp. 14–15). To successfully prosecute fraud criminally or civilly, however, proving the perpetrator’s intent to defraud the victim is necessary (Albrecht et al., 2012).

The ACFE 2014 *Report to the Nations* includes the case results of the approximately 1400 CFEs surveyed (ACFE, 2014a). Under the criminal justice system, 56.5 percent of perpetrators pled guilty or no contest, 18.2 percent were convicted at trial, and 9.0 percent were acquitted (ACFE, 2014a). In addition, attorneys declined to prosecute 15.4 percent of the cases and the remaining 0.9 percent of cases were labeled as “other,” with no explanation as to what that meant (ACFE, 2014a, p. 65). For the cases that led to civil suits under the civil justice system, 51.4 percent resulted in a ruling in favor of the victim, 30.6 percent were settled, and 13.9 percent yielded a ruling in favor of the perpetrator (ACFE, 2014a). The remaining 4.2 percent were labeled as “other” with no explanation as to what that meant (ACFE, 2014a, p. 66).

Volume III of the *Fraud Examiners Manual* covers investigation (ACFE, 2014e). This volume consists of four main sections: investigation procedures, interviewing, gathering information, and analyzing evidence. The competencies included under investigation procedures are planning and conducting a fraud examination and report writing. The competencies included under the interviewing section are interview theory and application and interviewing suspects and signed statements. The section on gathering information includes the competencies of covert examinations, sources of information, and tracing illicit transactions. The competencies included under analyzing evidence are document analysis, data analysis and reporting tools, and digital forensics.

Similar to the competencies covered in Volume III, O’Gara (2004) encourages investigators to gather information and provides guidance on how to analyze that information. O’Gara (2004) also encourages investigators to conduct interviews, but cautions investigators to remember the difference between an interview and an interrogation: “an interview is open-ended . . . the purpose is to obtain information. An interrogation is accusatory, designed to elicit a confession” (O’Gara, 2004, p. 140).

As there are different types of interviews, there are also different types of questions one might utilize. These include introductory questions, assessment questions, informational questions, admission seeking questions, and closing questions (Albrecht et al., 2012; Wells, 2005).

Biegelman (2013) also offers tips to fraud examiners regarding investigation, including investigate as many types of fraud as possible, utilize teamwork, and obtain documentary evidence (including email) from as many sources as possible. Wells (2005) similarly describes a fraud examination as consisting of document examination, review of outside sources (i.e., public records), and interviews. Wells (2005) also advocates the fraud theory approach, which is comprised of four steps. Wells (2005) encourages examiners and investigators to cycle through these steps continuously as they work through their investigation. The four steps are “1) Analyze available data; 2) Create a hypothesis; 3) Test the hypothesis; and 4) Refine and amend the hypothesis” (Wells, 2005, p. 5).

Once the investigation is completed, the examiner or investigator must capture the information in a fraud report. The *Fraud Examiners Manual* stresses the importance of maintaining a clear, concise writing style when drafting the report (ACFE, 2014e). Similar to the ACFE competencies, Albrecht et al. (2012) state reports must maintain a tone of neutrality and objectivity.

Volume IV of the *Fraud Examiners Manual* covers fraud prevention and deterrence (ACFE, 2014e). This final volume consists of three main sections: understanding crime, fraud prevention, and ethics and fraud-related responsibilities. The section on understanding crime consists of two competencies: understanding criminal behavior and white collar crime. The section on fraud prevention consists of three competencies: fraud prevention programs, fraud risk assessment, and fraud risk management. The section on ethics and responsibilities contains the competencies of ethics for fraud examiners, corporate governance, management’s responsibilities, and auditors’ responsibilities.

The term *white collar crime*, coined by Edwin Sutherland, originally referred to those crimes committed by businessmen and organizations (Brody & Kiehl, 2010). As white collar crime has evolved, however, so has the definition. Brody and Kiehl (2010) explain the idea of white collar crime now focuses “more on the actual crime committed and less on the perpetrators” (p. 352). Examples of white collar crime include bribery, antitrust violations, forgery, identity theft, consumer fraud, and computer/internet fraud (Brody and Kiehl, 2010).

The *Fraud Examiners Manual* utilizes the Organization for Economic Co-operation and Development (OECD) definition of corporate governance, stated as

The procedures and processes according to which an organization is directed and controlled. The corporate governance structure specifies the distribution of rights and responsibilities among the different participants in the organization—such as the board, managers, shareholders and other stakeholders—and lays down the rules and procedures for decision-making. (Corporate Governance, 2005)

An example of corporate governance failing is arguably the Enron scandal (Deakin & Konzelmann, 2003). Leventis and Dimitropoulos (2012) state that corporate governance received increased attention following the Enron and WorldCom scandals, which centered on accounting and financial reporting frauds. To prevent similar incidents, Congress passed the Sarbanes-Oxley Act (Public Law No. 107-204, 2002), which “introduced new provisions for managers and directors regarding the proper functioning of the firm and for auditors and analysts responsible for information dissemination. Moreover, SOX raised the criminal penalties for securities fraud and any attempt to deliberately mislead shareholders and potential investors” (Leventis & Dimitropoulos, 2012, p. 162). Given such a context, it makes sense that the *Fraud Examiners Manual* would include a section dedicated to the proper way in which an organization operates, governs itself, and disseminates information.

This volume emphasizes prevention and deterrence and being proactive towards fraud rather than reactive. These topics include fraud risk assessment and fraud risk management, which are two concepts that often go hand in hand. Knapp and Knapp (2001) explain that a thorough and well executed fraud risk assessment increases the

likelihood for detecting fraud. Venter (2007) further advocated the argument that companies could help prevent fraud by proactively conducting fraud risk assessments and monitoring identified risks with subsequent fraud risk management endeavors.

Biegelman (2013) echoed this sentiment in his work, offering recommendations for both individuals and companies on how to prevent and deter fraud. These recommendations include learning to identify the red flags for fraud, training yourself and employees on fraud prevention and detection, and reinforcing penalties against those who commit fraud (Biegelman, 2013). O’Gara (2004) took a similar point of view, stating, “Effective prevention depends on the probability of detection and prosecution more than on any other single factor” (p. 4). In other words, a proactive process for detecting fraud serves as an effective prevention mechanism.

## **F. SUMMARY**

This chapter provided an overview of fraud. It also provided a background on the ACFE organization. In addition, the chapter detailed the requirements for obtaining and maintaining certification as a certified fraud examiner (CFE) under the ACFE. Finally, the chapter identified the ACFE fraud investigation knowledge competencies, all of which are contained in the Fraud Examiners Manual. Although the ACFE does not have an official body of knowledge, this research project treats the Fraud Examiners Manual as a de facto body of knowledge as it contains all of the ACFE competencies. The next chapter provides a background on the Air Force Office of Special Investigations (AFOSI), its certification requirements, and the competencies that make up the AFOSI body of knowledge.



### **III. AIR FORCE OFFICE OF SPECIAL INVESTIGATIONS LITERATURE REVIEW**

#### **A. INTRODUCTION**

Chapter III provides a background of the Air Force Office of Special Investigations (AFOSI). This chapter also identifies the three stages of training that all AFOSI special agents must complete and explains the process and purpose of credentialing. Finally, this chapter outlines the DOD's process for developing knowledge competencies and identifies the fraud knowledge competencies required for AFOSI special agents to be considered fully credentialed.

#### **B. AIR FORCE OFFICE OF SPECIAL INVESTIGATIONS BACKGROUND**

In 1945, an anonymous letter surfaced at the FBI headquarters in Washington, DC, alleging serious acts of fraud and misconduct by Major General Bennett E. Meyers during World War II (Kidwell, 2014). Meyers was the director of the Air Technical Service Command at Wright Field in Dayton, Ohio, which is now Wright-Patterson Air Force Base. As director, Meyers had access to all contract proposals submitted by companies seeking to supply goods and services to the Army Air Corps. Meyers would select and review the high-dollar contract proposals and subsequently purchase stock in the company who submitted the lowest bid (Hagerty, 2000). These actions were not only an abuse of authority as Meyers used his position to gain access to sensitive bid information, but also provided Meyers with an unfair financial advantage through insider trading. Meyers was also later charged with awarding contracts to companies in which he had previously established a financial interest, even if the company did not submit a bid proposal. Due to unclear lines of investigative jurisdiction, the letter slowly made its way through military channels with little response from senior leadership. Two years later, the letter resurfaced and resulted in a string of Senate hearings. The Senate hearings were charged with determining why major acts of fraud by a general officer were never sufficiently investigated (Hagerty, 2000).

The Senate hearings identified that a significant lack of oversight and control of defense spending led to multiple unnecessary vulnerabilities within the procurement process. Additional testimony presented during the hearings identified an agreement made at the beginning of the war between the Justice Department, the FBI, and the military that criminal acts involving service members would be handled by the member's corresponding service (Hagerty, 2000). The problem was an overall lack of adequate investigative resources available to handle many of the allegations involving service members, especially within the newly established USAF service branch. To address this capability gap, the Secretary of the Air Force, W. Stuart Symington, sought the advice of then-director of the FBI, J. Edgar Hoover. Through a collaborative effort between USAF Air Staff and the FBI, the AFOSI was established on August 1, 1948 (Kidwell, 2014).

Since its inception, the AFOSI has been the Air Force's premier criminal and counterintelligence investigative agency. The AFOSI's mission statement, "Identify, exploit and neutralize criminal, terrorist and intelligence threats to the Air Force, Department of Defense, and U.S. government" is supported by six areas of operation, which include criminal investigations, fraud investigations, counterintelligence, expeditionary activities, special security services, and cyber investigations (AFOSI, 2014). Although it was a procurement fraud investigation that ultimately led to the AFOSI's founding, the agency has consistently had to adjust its focus between these areas of operation in order to address the ever-changing criminal and counterintelligence threats facing the Air Force.

With the refocusing of military assets in Iraq and Afghanistan, coupled with budgetary cuts and an overall reduction in DOD spending, the focus on procurement fraud detection and prevention has gained momentum. In FY2010, the defense budget authorized \$690.3 billion for defense spending, compared to \$615.1 billion in FY2014 (*figures are in actual dollars and include spending for overseas contingency operations*) (Office of the Under Secretary of Defense/Comptroller, 2013, p. 1-3). The \$75.2 billion reduction has led many investigative agencies to refocus more on fraud detection and prevention in an effort to protect dwindling resources.

The AFOSI is not an exception to this trend. Since 2011, the AFOSI has seen a consistent increase in major procurement fraud case initiations: a 26.4 percent increase from calendar year (CY) 2011 to CY2012 and a 16.4 percent increase from CY2012 to CY2013 (“AFOSI CY Wrap Up,” 2013). Additionally, in October 2013, the AFOSI officially stood up the AFOSI Office of Procurement Fraud (PF). The PF branch of AFOSI was implemented to provide a more centralized and streamlined approach to conducting major procurement fraud investigations (Dillard, 2013). Centralizing major procurement fraud investigations enabled the AFOSI to increase investigative capability by bringing together a pool of special agents with a high amount of knowledge and experience investigating complex frauds. Finally, the creation of PF supported the AFOSI’s renewed focus on proactively detecting, deterring, and investigating fraudulent activity (Dillard, 2013).

The increased focus on fraud investigations requires a unique set of investigative skills due to the unique challenges fraud investigations present. These challenges include the ability to manage more time-intensive investigations when compared to other types of criminal investigations. On average, AFOSI PF cases took approximately twice as long to close when compared to death investigations and 10 times longer to case closure than the average narcotics investigation (“AFOSI CY Wrap Up,” 2013). Additionally, significant prosecutorial differences exist between criminal and fraud investigations because almost all criminal cases are handled through Uniform Code of Military Justice (UCMJ) proceedings, whereas major procurement fraud investigations are handled at the civilian federal district court level. Sufficiently addressing these challenges weighs heavily on the proper training of personnel. The following section discusses the AFOSI training and credentialing requirements.

### **C. AIR FORCE OFFICE OF SPECIAL INVESTIGATIONS TRAINING AND CREDENTIALING**

All AFOSI special agents must complete three stages of required training to be considered fully qualified. The first stage of the training process begins when individuals selected for a special agent position arrive at the Federal Law Enforcement Training Center (FLETC) in Glynco, Georgia (GA). FLETC provides federal law enforcement

training to over 90 different federal agencies ranging from the U.S. Secret Service (USSS) and the Bureau of Alcohol, Tobacco, Firearms, and Explosives (ATF) to Military Criminal Investigative Organizations (MCIO) such as the Naval Criminal Investigative Service (NCIS) and AFOSI (FLETC, n.d.). The FLETC Criminal Investigator Training Program (CITP) is the first course required of all federal agents who specialize in criminal investigations. The CITP is an 11-week program that provides basic training on a number of fundamental skills and principles required for criminal investigations, such as interviewing, interrogations, surveillance, and crime scene processing (FLETC, n.d.). The training includes both classroom instruction as well as scenario-based training, which provides an opportunity for practical application of learned skills and concepts, to include fraud-specific investigations.

Upon graduation from CITP, many organizations, including the AFOSI, require that special agent trainees attend additional agency-specific training. The U.S. Air Force Special Investigations Academy (USAFSIA) provides AFOSI special agents with agency-specific training through the Basic Special Investigations Course (BSIC), also located on the FLETC installation. BSIC, the second stage of AFOSI special agent training, is an eight-week training program that builds on the knowledge and skills learned during CITP and focuses on concepts specific to military investigations, such as jurisdictional responsibilities, the Uniform Code of Military Justice (UCMJ), and counterintelligence activities (AFOSI, n.d.). AFOSI special agents who successfully complete both the CITP and BSIC programs receive their special agent badge and credentials and are subsequently assigned to one of 221 AFOSI operating locations around the world (AFOSI, 2012).

The third, and longest, stage of required initial training begins as special agents arrive at their initial AFOSI office. Although special agents have received almost five months of intensive instruction through CITP and BSIC, the concepts and skills provided during that time only provide a basic foundation of knowledge required to conduct criminal investigations. To build on this foundation, all AFOSI special agents must complete a 15-month Probationary Agent Training Program (PATP) (AFOSI, 2012). The PATP provides new special agents with additional knowledge-based training through the

Basic Extension Program (BEP) and application-based training through on-the-job-training (OJT) experience. While special agents gain valuable experience through OJT, BEP is the only element of PATP that contains defined knowledge competencies. Therefore, this research project will solely focus on the BEP portion of PATP.

The BEP is a 26-week online distance learning program that encompasses a wide range of knowledge competencies required for criminal investigations (AFOSI, 2012). The BEP is broken down into four primary distance learning blocks of instruction. Each block requires special agents to complete and submit a series of knowledge-based practical exercises. Of the four blocks, the fourth and final block, Economic Crimes (EC), addresses knowledge competencies required for fraud investigations. The AFOSI (2012) agent training manual describes the EC block as “an approximately 4-week course focusing on liaison, fraud concepts/definitions, unit-level fraud programs, and fraud investigations with real world application in target analysis” (para. 2.8.2.2.4).

Within the AFOSI community, *credentialing* is the term used to identify the culmination of the three-stage training process. AFOSI special agent credentials serve as the official means of identification for special agents and consist of a photo identification and description of applicable statutes that provide the special agent with the authority to conduct official duties. Although AFOSI special agents receive their badge and credentials upon graduation from BSIC in order to conduct official duties during their probationary period, probationary special agents are not considered fully credentialed until they have completed the entire PATP.

#### **D. POLICIES AND REGULATIONS DETERMINING AFOSI COMPETENCIES**

As an MCIO, the AFOSI must adhere to DOD and USAF policies and regulations as they pertain to administering approved training programs. DOD Directive (DODD) 1322.18, *Military Training*, outlines policies and responsibilities for executing and maintaining training programs for all active duty military and civilian personnel (DOD, 2009). Subsequently, Air Force Instruction (AFI) 36-2201, *Air Force Training Program*, implemented DODD 1322.18 policy in the creation and maintenance of training

programs and procedures for the USAF (Department of the Air Force, 2013). AFI 36-2201 includes the identification and establishment of training requirements, hereafter referred to as knowledge competencies (Department of the Air Force, 2013).

AFI 36-2201 requires all USAF career fields, including AFOSI special agents, to establish a Career Field Education and Training Plan (CFETP). Paragraph 5.7.1, AFI 36-2201 describes the CFETP as “the primary document used to identify life-cycle education and training requirements. It serves as a road map for career progression and outlines requirements that must be satisfied at appropriate points throughout the career path” (Department of the Air Force, 2013, p. 35). Each career field CFETP provides an itemized list of knowledge competencies, both mandatory core tasks and non-mandatory tasks. This itemized list is referred to as the Specialty Training Standard (STS).

The STS can be considered a living document, as it is revised to reflect changes in technology and the operating environment of each career field. The establishment of required knowledge competencies found within the STS, as well as changes to those competencies, are made during utilization and training workshops (U&TW). U&TWs are comprised of career field managers and subject matter experts (SME) who are best suited to provide real-time input pertaining to knowledge competencies required to meet the needs of the field. The AFOSI Special Investigations CFETP provides a detailed listing of all knowledge competencies required for both active-duty military and civilian special agents (AFOSI, 2012).

Each knowledge competency listed in the STS must also be measurable in terms of the extent of knowledge required for each competency. All USAF CFETP STS use a standardized scale to determine the proficiency level required for each competency. The scale uses letter designators A through D to identify the required proficiency level. Section 24 of the AFOSI CFETP STS covers economic and environmental crimes—fraud—and requires credentialed special agents to obtain a proficiency of either A, B or C, dependent upon the competency and corresponding stage of training (CITP, BSIC or BEP) (AFOSI, 2012). Table 1 provides the standardized knowledge definitions and applicable proficiency codes.

Table 1. Subject Matter Proficiency Code Key (from AFOSI, 2012)

|                                |   |   |
|--------------------------------|---|---|
| SUBJECT<br>KNOWLEDGE<br>LEVELS | A | Can identify basic facts and terms about the subject. (FACTS)   |
|                                | B | Can identify relationship of basic facts and state general principles about the subject. (PRINCIPLES) |
|                                | C | Can analyze facts and principles and draw conclusions about the subject. (ANALYSIS)                   |
|                                | D | Can evaluate conditions and make proper decisions about the subject. (EVALUATION)                     |

In addition to identifying a list of knowledge competencies, the STS emphasizes certain competencies if that competency “makes a disproportionate contribution to the success of providing the right skills needed for military operations, anywhere, anytime. [The competency] cannot be duplicated by any other organization and is critical for the future” (AFOSI, 2012, p. 16). These competencies are referred to as *core tasks*. For the purposes of this research, all AFOSI competencies presented are considered to be core tasks because they are required to complete at least one stage of AFOSI special agent training. The following section will serve to identify the fraud investigation knowledge competencies, hereafter referred to as *knowledge competencies*, found throughout the three stages of AFOSI special agent training.

#### **E. DETERMINING AFOSI FRAUD INVESTIGATION KNOWLEDGE COMPETENCIES**

Special agents responsible for completing CITP, BSIC, and BEP are required to demonstrate all knowledge competencies learned through a series of exams administered at the end of each block or course throughout the three-stage training process. The exams serve as a means of measuring the special agent’s understanding of each knowledge competency.

Fraud investigation knowledge competencies required to successfully complete CITP consist of the following: Financial Crimes Enforcement Network (FinCEN) reporting; a basic identification and knowledge of Title 18 U.S. Code § 1956 and 1957 (Laundering of Money Instruments and Engaging in Monetary Transactions in Property Derived from Specified Unlawful Activity); financial profiling methods; and the basic

identification and knowledge of the elements of wire fraud, mail fraud, and transportation across interstate lines. The knowledge competency, FinCEN reporting, includes the basic identification and knowledge of currency transaction reports (CTRs), currency and money instrument reports (CMIRs), foreign bank and financial accounts reports (FBARs), and suspicious activity reports (SARs). These reports, filed by financial institutions to identify high-dollar or suspicious transactions, are often crucial pieces of information used to build money laundering and structuring investigations (Kittay, 2011). Money laundering investigations focus on the various methods individuals use to conceal proceeds earned from criminal activity in an effort to make those proceeds appear as if they originated from a legitimate source (Levi & Reuter, 2006).

Fraud investigation knowledge competencies required to successfully complete BSIC consist of the following: familiarization with the AFOSI fraud mission; having a basic understanding of terms and concepts pertaining to environmental crimes; criminal, civil, contractual, and administrative aspects of the Remedies Program; a basic knowledge of fraud statutes; a basic knowledge of the government procurement process; and a basic knowledge of various fraud schemes. Environmental crimes primarily include the illegal dumping of harmful materials in an effort to reduce the high costs typically associated with legitimate disposal processes (Cohen, Gibbs, Rorie, Simpson & Slocum, 2013). The fraud schemes covered during BSIC include product substitution, cost mischarging, defective pricing, and public corruption. These fraud schemes are emphasized throughout BSIC because they are all commonly found fraud schemes throughout the procurement process (Lander et al., 2008).

Fraud investigation knowledge competencies required to successfully complete PATP and BEP include: having a basic knowledge of the purpose behind the fraud working group and target development cycle; determining prosecutorial jurisdiction for fraud investigations; requesting subpoenas; developing the fraud investigative plan; conducting contract reviews; and having a basic understanding of the Federal Acquisition Regulation (FAR) and Air Force Audit Agency (AFAA). The knowledge competency that covers fraud working groups and target development cycles addresses the use and benefit of professional working groups that combine expertise and experience to better



detect and deter fraudulent activity (Carpenter, 2007). For an itemized list of knowledge competencies required for completion of each stage of AFOSI special agent training, refer to the AFOSI fraud knowledge competency model in Appendix D.

## **F. SUMMARY**

Chapter III provided a historical background of AFOSI from the organization's inception to its current operational focuses. Additionally, this chapter identified the three stages of training all AFOSI special agents must complete and defined the meaning and purpose of the credentialing process. Finally, this chapter outlined the DOD's, and subsequently the AFOSI's, process for developing knowledge competencies, concluding with an identification of all fraud knowledge competencies required for special agents to be considered fully credentialed. Chapter IV consists of a comparative analysis of fraud investigation knowledge competencies required by both the ACFE and AFOSI.

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## **IV. COMPARATIVE ANALYSIS**

### **A. INTRODUCTION**

Chapter IV provides a comparative analysis of the Association of Certified Fraud Examiners (ACFE) and Air Force Office of Special Investigations (AFOSI) fraud investigation competencies. The chapter first provides an overview of the ACFE fraud knowledge competency model and the AFOSI fraud knowledge competency model. The chapter then discusses the methodology used for conducting the analysis, including an explanation of how the various competencies were determined to be gaps or overlaps with one another. The chapter then identifies and discusses the overlaps between the two knowledge competency models. The chapter finishes with the identification and discussion of the gaps between the two fraud knowledge competency models.

### **B. ACFE KNOWLEDGE COMPETENCY MODEL OVERVIEW**

The ACFE fraud knowledge competency model was created for the purposes of this research project to identify all knowledge competencies within the ACFE body of knowledge. The ACFE fraud knowledge competency model was designed to mirror the organization of the *Fraud Examiners Manual*. The main sections of the ACFE fraud knowledge competency model reflect the four primary volumes that comprise the *Fraud Examiners Manual*. Additionally, each section contains three to four subsections that further separate the volumes into similar subject matter. The primary sections include Financial Transactions & Fraud Schemes, Law, Investigation, and Fraud Prevention & Deterrence, and some of the corresponding subsections include such topics as Occupational Fraud Schemes, Punishing Offenders, Analyzing Evidence, and Fraud Prevention, as shown in Table 2.

Table 2. ACFE Fraud Knowledge Competency Model Section Breakdown

| <b>ACFE FRAUD KNOWLEDGE COMPETENCY MODEL SECTION BREAKDOWN</b> |   |
|--|---|
| <b>Section 1</b>   | <b>Financial Transactions &amp; Fraud Schemes</b> |
| Subsection 1.1   | Financial Transactions                            |
| Subsection 1.2   | Occupational Fraud Schemes                        |
| Subsection 1.3   | Other Fraud Schemes                               |
| <b>Section 2</b>   | <b>Law</b>  |
| Subsection 2.1   | Overview  |
| Subsection 2.2   | Punishing Offenders                               |
| Subsection 2.3   | Practice & Procedure                              |
| <b>Section 3</b>   | <b>Investigation</b>                              |
| Subsection 3.1   | Investigation Procedures                          |
| Subsection 3.2   | Interviewing                                      |
| Subsection 3.3   | Gathering Information                             |
| Subsection 3.4   | Analyzing Evidence                                |
| <b>Section 4</b>   | <b>Fraud Prevention &amp; Deterrence</b>          |
| Subsection 4.1   | Understanding Crime                               |
| Subsection 4.2   | Fraud Prevention                                  |
| Subsection 4.3   | Ethics & Responsibilities                         |

The ACFE does not officially refer to the *Fraud Examiners Manual* as its body of knowledge, nor does it consider the subsections found within the manual as knowledge competencies; however, for the purposes of this research, the ACFE knowledge competencies were identified as all testable subsections within the four volumes. The term *testable* refers to subsections in which possible questions used to create the Certified Fraud Examiner (CFE) certification exam are derived. In total, the ACFE fraud knowledge competency model contains 45 competencies.

The AFOSI fraud knowledge competency model was also created and consists of three primary sections reflecting the three stages of training special agents complete to become fully credentialed: Criminal Investigators Training Program (CITP), Basic Special Investigations Course (BSIC), and Basic Extension Program (BEP). For purposes of this research, the knowledge competencies comprise all testable learning objectives presented during the three stages of training. In total, the AFOSI fraud knowledge

competency model contains 41 competencies. Table 3 provides a breakdown of the AFOSI fraud knowledge competency model by section.

Table 3. AFOSI Fraud Knowledge Competency Model Section Breakdown

| <b>AFOSI FRAUD KNOWLEDGE COMPETENCIES</b> |  |                  |
|---|--|------------------|
| <b>Competency Designator</b>              | <b>Task, Knowledge and Technical Reference</b> | <b>Core Task</b> |
| <b>STAGE 1 – CITP</b>                     |  |                  |
| 1.1 – 1.4                                 | CITP   |                  |
| <b>STAGE 2 – BSIC</b>                     |  |                  |
| 2.1 – 2.3                                 | Economic Crime Orientation                     |                  |
| 2.4 – 2.6                                 | Environmental Crimes                           |                  |
| 2.7 – 2.10                                | Fraud Remedies                                 |                  |
| 2.11 – 2.14                               | Fraud Statutes                                 |                  |
| 2.15 – 2.19                               | Procurement Process Overview                   |                  |
| 2.20 – 2.25                               | Fraud Schemes                                  |                  |
| 2.26 – 2.27                               | Economic Crimes Resources                      |                  |
| <b>STAGE 3 – PATP/BEP</b>                 |  |                  |
| 3.1 – 3.2                                 | Economic Crimes DL 101                         |                  |
| 3.3 – 3.6                                 | Economic Crimes DL 102                         |                  |
| 3.7 – 3.9                                 | Economic Crimes DL 103                         |                  |
| 3.10                                      | Economic Crimes DL 104                         |                  |

### C. METHODOLOGY

The methodology used for the comparative analysis consisted of a review of each fraud investigation knowledge competency, hereafter referred to as *knowledge competencies*, to determine its content. ACFE and AFOSI knowledge competency content was determined through reviewing the applicable *Fraud Examiners Manual* subsection or AFOSI training performance objectives. Once the content of each knowledge competency was identified, a direct comparison of the ACFE and AFOSI models was conducted to identify which content was included in the knowledge competency models. The ACFE fraud knowledge competency model was used as the base model because it was identified as the professional standard body of knowledge for the purpose of this research. Therefore, the comparative analysis process consisted of laying out each volume and subsection of the ACFE fraud knowledge competency model,

followed by identifying any AFOSI knowledge competencies that contained either similar or dissimilar content. Competencies consisting of content found under both knowledge competency models were identified as overlaps. Competencies consisting of content found only under one knowledge competency model were identified as gaps.

The comparative analysis also identified knowledge competencies within the ACFE fraud knowledge competency model that contained content applicable to all criminal investigations, such as interviewing techniques, evidence collection, and report writing. These knowledge competencies were referred to as *non-fraud* knowledge competencies. The AFOSI knowledge competency literature review conducted in support of this research project focused solely on fraud-related knowledge competencies; however, special agents receive significant additional training during CITP, BSIC, and BEP that also covers the non-fraud related knowledge competencies found in the ACFE fraud knowledge competency model. Therefore, these competencies were treated as overlaps between the two knowledge competency models. In the following comparative analysis, when an AFOSI non-fraud related knowledge competency overlaps with an ACFE knowledge competency, the corresponding AFOSI stage of training (CITP, BSIC, BEP) is listed as the overlapping AFOSI knowledge competency.

#### **D. ACFE COMPARATIVE ANALYSIS**

The following comparative analysis is broken down by ACFE knowledge competency section and subsection. A corresponding summary of findings for each ACFE knowledge competency can be found after each table.

##### **1. Financial Transactions and Fraud Schemes**

###### ***a. Financial Transactions***

A comparative analysis of the competencies listed under the ACFE fraud knowledge competency model, section 1 (Financial Transactions & Fraud Schemes), subsection 1.1 (Financial Transactions) identified that Accounting Concepts (1.1.1) was the only knowledge competency listed under subsection 1.1. The AFOSI fraud knowledge competency model did not have any knowledge competency that was



considered comparable to the ACFE fraud knowledge competency model, as referenced in Table 4. The section following Table 4 discusses the findings.

Table 4. ACFE Subsection 1.1 Comparative Analysis

| ACFE Knowledge Competency                            | AFOSI Knowledge Competency | Gap/Overlap |
|--|----------------------------|-------------|
| <b>1. Financial Transactions &amp; Fraud Schemes</b> |                            |             |
| <b>1.1. Financial Transactions</b>                   |                            |             |
| 1.1.1. Accounting Concepts                           | None Identified            | Gap         |

(1) FINDING 1-1:ACFE Knowledge Competency: Accounting Concepts (1.1.1)—Gap

This ACFE knowledge competency consisted of basic financial accounting terminology and theory generally taught at academic institutions such as the accounting cycle and the use of T-accounts. Similar content was not identified under any AFOSI knowledge competency. Therefore, this knowledge competency is considered to be a gap.

***b. Occupational Fraud Schemes***

A comparative analysis of the competencies listed under the ACFE fraud knowledge competency model, section 1 (Financial Transactions & Fraud Schemes), subsection 1.2 (Occupational Fraud Schemes) identified the following: There were a total of six ACFE knowledge competencies listed under subsection 1.2. Three ACFE knowledge competencies, Asset Misappropriation (1.2.2), Cash Receipts (1.2.3), and Bribery & Corruption (1.2.6), were found to have overlapping AFOSI knowledge competencies. Specifically, AFOSI knowledge competency Fraud Schemes and Statutes (3.5) contained comparable content to both ACFE knowledge competencies Asset Misappropriation (1.2.2) and Cash Receipts (1.2.3). Non-fraud related AFOSI knowledge competencies provided during CITP, BSIC and BEP contained comparable content to ACFE knowledge competency Inventory/Other Assets. AFOSI knowledge competency Public Corruption Schemes (2.23) contained comparable content to ACFE knowledge competency Bribery & Corruption (1.2.6). The remaining two ACFE knowledge competencies, Financial Statement Fraud (1.2.1) and Fraudulent Disbursements (1.2.4)

were identified as gaps due to a lack of comparable AFOSI knowledge competencies within the AFOSI body of knowledge. Table 5 provides a list of all knowledge competency gaps and overlaps identified in subsection 1.2 of the ACFE fraud knowledge competency model. The section following Table 5 discusses the findings.

Table 5. ACFE Subsection 1.2 Comparative Analysis

| ACFE Knowledge Competency                            | AFOSI Knowledge Competency                               | Gap/Overlap |
|--|--|-------------|
| <b>1. Financial Transactions &amp; Fraud Schemes</b> |  |             |
| <b>1.2. Occupational Fraud Schemes</b>               |  |             |
| 1.2.1. Financial Statement Fraud                     | None Identified  | Gap         |
| 1.2.2. Asset Misappropriation                        | 3.5. Fraud Schemes and Statutes                          | Overlap     |
| 1.2.3. Cash Receipts                                 | 3.5. Fraud Schemes and Statutes                          | Overlap     |
| 1.2.4. Fraudulent Disbursements                      | None Identified  | Gap         |
| 1.2.5. Inventory/Other Assets                        | Non-Fraud Related CITP, BSIC& BEP Knowledge Competencies | Overlap     |
| 1.2.6. Bribery & Corruption                          | 2.23. Public Corruption Schemes                          | Overlap     |

(1) FINDING 1-2:ACFE Knowledge Competency: Financial Statement Fraud (1.2.1)—Gap

This ACFE knowledge competency consists of fraudulent schemes dealing with the misrepresentation of a public or private enterprise’s financial standing, to include a discussion of pertinent statutes and regulations set in place to hold companies and their executives accountable, such as the Sarbanes-Oxley Act. Similar content was not identified under any AFOSI knowledge competency. Therefore, this knowledge competency is considered to be a gap.

(2) FINDING 1-3:ACFE Knowledge Competency: Asset Misappropriation (1.2.2)—Overlap

This ACFE knowledge competency consists of fraudulent schemes used to conceal theft of organizational assets and larceny. AFOSI knowledge competency Fraud Schemes and Statutes (3.5) also covers theft and larceny. Therefore, this knowledge competency is considered to be an overlap.



(3) FINDING 1-4:ACFE Knowledge Competency: Cash Receipts (1.2.3)—  
Overlap

This ACFE knowledge competency identifies schemes involving either embezzlement or skimming of cash receipts. AFOSI knowledge competency Fraud Schemes and Statutes (3.5) also covers embezzlement and other cash diversion schemes. Therefore, this knowledge competency is considered to be an overlap.

(4) FINDING 1-5:ACFE Knowledge Competency: Fraudulent Disbursements (1.2.4)—Gap

This ACFE knowledge competency consists of corporate fraud schemes involving falsified cash and check transactions between companies, to include the use of “shell companies” to hide ill-gotten corporate funds. Similar content was not identified under any AFOSI knowledge competency. Therefore, this knowledge competency is considered to be a gap.

(5) FINDING 1-6:ACFE Knowledge Competency: Inventory/Other Assets (1.2.5)—Overlap.

This ACFE knowledge competency consists of fraudulent schemes involving the misuse or theft of company property and assets. Non-fraud related AFOSI knowledge competencies consisting of similar content such as larceny and theft of government property are provided during CITP, BSIC and BEP. Therefore, this knowledge competency is considered to be an overlap.

(6) FINDING 1-7:ACFE Knowledge Competency: Bribery & Corruption (1.2.6)—Overlap

This ACFE knowledge competency consists of fraudulent schemes involving the misuse of authority associated with an official position to obtain some sort of unfair advantage. AFOSI knowledge competency Public Corruption Schemes (2.23) covers similar subject matter. Therefore, this knowledge competency is considered to be an overlap.

*c. Other Fraud Schemes*

A comparative analysis of the competencies listed under the ACFE fraud knowledge competency model, section 1 (Financial Transactions & Fraud Schemes), subsection 1.3 (Other Fraud Schemes) identified the following: This subsection covers fraudulent schemes affecting various types of industry such as financial, health care, and insurance; therefore, the organization of subsection 1.3 was based on the respective affected industry. There were a total of eight ACFE knowledge competencies listed under subsection 1.3. One ACFE knowledge competency, Contract Procurement Fraud (1.3.8), overlapped with identified AFOSI knowledge competencies. Specifically, AFOSI knowledge competencies Phases of the Acquisitions Cycle (2.15), Legally Binding Contracts (2.16), Contract Types (2.17), Contract Requirements/Specifications (2.18), Product Substitution (2.22), Cost Mischarging/Defective Pricing (2.24), Fraud Indicators (2.25) and Fraud Schemes and Statutes (3.5) contained comparable content to ACFE knowledge competency Contract Procurement Fraud (1.3.8). The remaining seven ACFE knowledge competencies, Financial Institution Fraud (1.3.1), Check/Credit Card Fraud (1.3.2), Theft of Intellectual Property (1.3.3), Insurance Fraud (1.3.4), Health Care Fraud (1.3.5), Consumer Fraud (1.3.6), and Computer/Internet Fraud (1.3.7) were identified as gaps due to a lack of comparable AFOSI knowledge competencies within the AFOSI knowledge competency model. Table 6 provides a listing of all knowledge competency gaps and overlaps identified in subsection 1.3 of the ACFE fraud knowledge competency model. The section following Table 6 discusses the findings.

Table 6. ACFE Subsection 1.3 Comparative Analysis

| ACFE Knowledge Competency                            | AFOSI Knowledge Competency | Gap/Overlap |
|--|----------------------------|-------------|
| <b>1. Financial Transactions &amp; Fraud Schemes</b> |                            |             |
| <b>1.3. Other Fraud Schemes</b>                      |                            |             |
| 1.3.1. Financial Institution Fraud                   | None Identified            | Gap         |
| 1.3.2. Check/Credit Card Fraud                       | None Identified            | Gap         |
| 1.3.3. Theft of Intellectual Property                | None Identified            | Gap         |
| 1.3.4. Insurance Fraud                               | None Identified            | Gap         |

|                                   |   |         |
|-----------------------------------|---|---------|
| 1.3.5. Health Care Fraud          | None Identified   | Gap     |
| 1.3.6. Consumer Fraud             | None Identified   | Gap     |
| 1.3.7. Computer/Internet Fraud    | None Identified   | Gap     |
| 1.3.8. Contract Procurement Fraud | 2.15. Phases of the Acquisitions Cycle, 2.16. Legally Binding Contracts, 2.17. Contract Types, 2.18. Contract Requirements/Specifications, 2.22. Product Substitution, 2.24. Cost Mischarging/Defective Pricing, 2.25. Fraud Indicators & 3.5. Fraud Schemes and Statutes | Overlap |

(1) FINDING 1-8:ACFE Knowledge Competency: Financial Institution Fraud (1.3.1)—Gap

This ACFE knowledge competency consists of fraudulent schemes affecting federally insured repositories such as banks and credit unions. Similar content was not identified under any AFOSI knowledge competency. Therefore, this knowledge competency is considered to be a gap.

(2) FINDING 1-9:ACFE Knowledge Competency: Check/Credit Card Fraud (1.3.2)—Gap

This ACFE knowledge competency consists of the practice of counterfeiting checks and credit cards, as well as the various schemes employed to use the counterfeit items for personal gain. Similar content was not identified under any AFOSI knowledge competency. Therefore, this knowledge competency is considered to be a gap.

(3) FINDING 1-10:ACFE Knowledge Competency: Theft of Intellectual Property (1.3.3)—Gap

This ACFE knowledge competency consists of corporate espionage and other threats to industry trade secrets. Similar content was not identified under any AFOSI knowledge competency. Therefore, this knowledge competency is considered to be a gap.

(4) FINDING 1-11:ACFE Knowledge Competency: Insurance Fraud (1.3.4)—Gap

This ACFE knowledge competency consists of both internal and external fraudulent schemes. Internal schemes involve fraudulent employee activity such as intentionally misdirected settlement checks and insurance premium embezzlement. External schemes involve fraudulent activity on the part of the insurance policy holder/customer such as filing false claims of loss in an effort to collect insurance reimbursements. Similar content was not identified under any AFOSI knowledge competency. Therefore, this knowledge competency is considered to be a gap.

(5) FINDING 1-12:ACFE Knowledge Competency: Health Care Fraud (1.3.5)—Gap

This ACFE knowledge competency consists of fraudulent schemes committed primarily on the part of the health care provider. Common schemes involve health care providers submitting false invoices for payment or offering a kickback to third parties who purchased unnecessary health care goods or services from the health care provider. Similar content was not identified under any AFOSI knowledge competency. Therefore, this knowledge competency is considered to be a gap.

(6) FINDING 1-13:ACFE Knowledge Competency: Consumer Fraud (1.3.6)—Gap

This ACFE knowledge competency consists of fraudulent schemes directed solely towards consumers in an attempt to get them to purchase goods or services under some false pretense. Consumer fraud schemes include a wide variety of confidence scams ranging from substandard household repairs to falsely advertising that the proceeds of a sale would go to a specific beneficiary. Similar content was not identified under any AFOSI knowledge competency. Therefore, this knowledge competency is considered to be a gap.

(7) FINDING 1-14:ACFE Knowledge Competency: Computer Internet Fraud (1.3.7)—Gap

This ACFE knowledge competency covers fraudulent schemes where the use of a computer was a necessary tool to successfully complete the scheme. Common computer fraud schemes include false representation over electronic communication, such as

criminals posing as a victim's bank in an effort to get the victim to provide passwords and other sensitive account data or the use of malware or computer viruses to siphon sensitive data from a victim's computer. Similar content was not identified under any AFOSI knowledge competency. Therefore, this knowledge competency is considered to be a gap.

(8) FINDING 1-15:ACFE Knowledge Competency: Contract Procurement Fraud (1.3.8)—Overlap

This ACFE knowledge competency covers fraudulent activity within a public or private procurement system contract. Procurement systems pertain to any established set of standards and procedures used to purchase goods and services. The ACFE knowledge competency also provides a brief overview of common terms and methods of procurement. Common schemes include bid rotation, collusion, product substitution and defective pricing. AFOSI knowledge competencies Phases of the Acquisitions Cycle (2.15), Legally Binding Contracts (2.16), Contract Types (2.17), Contract Requirements/Specifications (2.18), Product Substitution (2.22), Mischarging/Defective Pricing Schemes (2.24), Fraud Indicators (2.25) and Fraud Schemes and Statutes (3.5) covered similar subject matter. Therefore, this knowledge competency is considered to be an overlap.

## **2. Law**

### ***a. Overview***

A comparative analysis of the competencies listed under the ACFE fraud knowledge competency model, section 2 (Law), subsection 2.1 (Overview) identified the following: There were a total of six ACFE knowledge competencies listed under subsection 2.1. Three ACFE knowledge competencies, Overview of the U.S. Legal System (2.1.1), The Law Related to Fraud (2.1.2) and Money Laundering (2.1.5), were found to have overlapping AFOSI knowledge competencies. Specifically, non-fraud specific AFOSI knowledge competencies covered during CITP and BEP contain comparable content to ACFE knowledge competency Overview of the U.S. Legal System (2.1.1). AFOSI knowledge competencies Elements of Wire Fraud, Mail Fraud, and



Transportation Across Interstate Lines (1.4), Administrative Aspects of the Remedies Program (2.9), Fraud Criminal Statutes (2.11), Fraud Civil Statutes (2.12), Issues Relevant to Proving Intent in Fraud Investigations (2.14), Prosecutorial Jurisdiction in Fraud Investigations (3.3), and Federal Acquisition Regulation (3.8) contained comparable content to ACFE knowledge competency The Law Related to Fraud (2.1.2). AFOSI knowledge competency Title 18 U.S.C. 1956/1957 (Money Laundering) (1.2) contained comparable content to ACFE knowledge competency Money Laundering (2.1.5). The remaining three ACFE knowledge competencies, Bankruptcy Fraud (2.1.3), Securities Fraud (2.1.4), and Tax Fraud (2.1.6), were identified as gaps due to a lack of comparable AFOSI knowledge competencies within the AFOSI knowledge competency model. Table 7 provides a list of all of the knowledge competency gaps and overlaps identified in subsection 2.1 of the ACFE fraud knowledge competency model. The section following Table 7 discusses the findings.

Table 7. ACFE Subsection 2.1 Comparative Analysis

| ACFE Knowledge Competency                | AFOSI Knowledge Competency  | Gap/Overlap |
|--|---|-------------|
| <b>2. Law</b>                            |   |             |
| <b>2.1. Overview</b>                     |   |             |
| 2.1.1. Overview of the U.S. Legal System | Non-Fraud Related CITP& BEP Knowledge Competencies  | Overlap     |
| 2.1.2. The Law Related to Fraud          | 1.4. Elements of Wire Fraud, Mail Fraud and Transportation Across Interstate Lines, 2.9. Administrative Aspects of the Remedies Program, 2.11. Fraud Criminal Statutes, 2.12. Fraud Civil Statutes, 2.14. Issues Relevant to Proving Intent in Fraud Investigations, 3.3. Prosecutorial Jurisdiction in Fraud Investigations, 3.8. Federal Acquisition Regulation | Overlap     |
| 2.1.3. Bankruptcy Fraud                  | None Identified   | Gap         |
| 2.1.4. Securities Fraud                  | None Identified   | Gap         |
| 2.1.5. Money Laundering                  | 1.2. Title 18 U.S.C. 1956/1957 (Money Laundering)   | Overlap     |
| 2.1.6. Tax Fraud                         | None Identified   | Gap         |

(1) FINDING 2-1:ACFE Knowledge Competency: Overview of the U.S. Legal System (2.1.1)—Overlap

This ACFE knowledge competency provides an overview of the U.S. legal system. Specific areas of focus include basic concepts of law, the judicial system, and both civil and criminal proceedings as they pertain to fraudulent activity. Non-fraud related AFOSI knowledge competencies consisting of similar content are provided during CITP. Therefore, this knowledge competency is considered to be an overlap.

(2) FINDING 2-2:ACFE Knowledge Competency: The Law Related to Fraud (2.1.2)—Overlap

This ACFE knowledge competency provides an overview of the terminology and federal statutes used to define and regulate fraudulent activity. AFOSI knowledge competencies Elements of Wire Fraud, Mail Fraud, and Transportation Across Interstate Lines (1.4), Administrative Aspects of the Remedies Program (2.9), Fraud Criminal Statutes (2.11), Fraud Civil Statutes (2.12), Issues Relevant to Proving Intent in Fraud Investigations (2.14), Prosecutorial Jurisdiction in Fraud Investigations (3.3) and Federal Acquisition Regulation (3.8) covers similar subject matter. Therefore, this knowledge competency is considered to be an overlap.

(3) FINDING 2-3:ACFE Knowledge Competency: Bankruptcy Fraud (2.1.3)—Gap

This ACFE knowledge competency consists of an overview of the laws that regulate filing for bankruptcy, as well as common fraudulent schemes employed to gain an unfair advantage during bankruptcy proceedings. Similar content was not identified under any AFOSI knowledge competency. Therefore, this knowledge competency is considered to be a gap.

(4) FINDING 2-4:ACFE Knowledge Competency: Securities Fraud (2.1.4)—Gap

This ACFE knowledge competency consists of an overview of the laws that regulate the purchase, holding, and sale of securities, such as stocks and bonds, as well as

common fraudulent schemes employed to gain an unfair advantage in the securities trade. Similar content was not identified under any AFOSI knowledge competency. Therefore, this knowledge competency is considered to be a gap.

(5) FINDING 2-5:ACFE Knowledge Competency: Money Laundering (2.1.5)—Overlap

This ACFE knowledge competency defines money laundering, provides an overview of common money laundering practices, and lists applicable laws and acts established to prevent and punish the act of money laundering. AFOSI knowledge competency Title 18 U.S.C. 1956/1957 (Money Laundering) (1.4) covers similar subject matter. Therefore, this knowledge competency is considered to be an overlap.

(6) FINDING 2-6:ACFE Knowledge Competency: Tax Fraud (2.1.6)—Gap

This ACFE knowledge competency defines tax fraud, provides an overview of common tax fraud practices, and lists applicable laws and acts established to prevent and punish tax fraud. Similar content was not identified under any AFOSI knowledge competency. Therefore, this knowledge competency is considered to be a gap.

***b. Punishing Offenders***

A comparative analysis of the competencies listed under the ACFE fraud knowledge competency model, section 2 (Law), subsection 2.2 (Punishing Offenders) identified the following: There were a total of two ACFE knowledge competencies listed under subsection 2.2. Both ACFE knowledge competencies, Criminal Prosecutions for Fraud (2.2.1) and Civil Justice System (2.2.2), were found to have overlapping AFOSI knowledge competencies. Specifically, AFOSI knowledge competencies Criminal Aspects of the Remedies Program (2.7) and Prosecutorial Jurisdiction in Fraud Investigations (3.3) contained comparable content to ACFE knowledge competency Criminal Prosecutions for Fraud (2.2.1). AFOSI knowledge competencies Civil Aspects of the Remedies Program (2.8) and Prosecutorial Jurisdiction in Fraud Investigations (3.3) contained comparable content to ACFE knowledge competency Civil Justice System (2.2.2). Table 8 provides a listing of all knowledge competency gaps and overlaps



identified in subsection 2.2 of the ACFE fraud knowledge competency model. The section following Table 8 discusses the findings.

Table 8. ACFE Subsection 2.2 Comparative Analysis

| ACFE Knowledge Competency              | AFOSI Knowledge Competency   | Gap/Overlap |
|--|--|-------------|
| <b>2. Law</b>                          |  |             |
| <b>2.2. Punishing Offenders</b>        |  |             |
| 2.2.1. Criminal Prosecutions for Fraud | 2.7. Criminal Aspects of the Remedies Program, 3.3. Prosecutorial Jurisdiction in Fraud Investigations | Overlap     |
| 2.2.2. Civil Justice System            | 2.8. Civil Aspects of the Remedies Program, 3.3. Prosecutorial Jurisdiction in Fraud Investigations    | Overlap     |

(1) FINDING 2-7:ACFE Knowledge Competency: Criminal Prosecutions for Fraud (2.2.1)—Overlap

This ACFE knowledge competency provides an overview of the basic principles of criminal law, to include applicable constitutional rights and the difference between criminal and civil law. AFOSI knowledge competencies Criminal Aspects of the Remedies Program (2.7) and Prosecutorial Jurisdiction in Fraud Investigations (3.3) contained comparable content. Therefore, this knowledge competency is considered to be an overlap.

(2) FINDING 2-8:ACFE Knowledge Competency: Civil Justice System (2.2.2)—Overlap

This ACFE knowledge competency provides an overview of the basic principles of civil law, legal actions brought forth by private parties, as well as the federal rules and procedures that provide guidance for civil actions. AFOSI knowledge competencies Civil Aspects of the Remedies Program (2.8) and Prosecutorial Jurisdiction in Fraud Investigations (3.3) contained comparable content. Therefore, this knowledge competency is considered to be an overlap.

*c. Practice and Procedure*

A comparative analysis of the competencies listed under the ACFE fraud knowledge competency model, section 2 (Law), subsection 2.3 (Practice & Procedure) identified the following: There were a total of three ACFE knowledge competencies listed under subsection 2.3. All three ACFE knowledge competencies Individual Rights During Examination (2.3.1), Basic Principles of Evidence (2.3.2) and Testifying as an Expert Witness (2.3.4) were found to have overlapping AFOSI knowledge competencies. Specifically, non-fraud specific AFOSI knowledge competencies covered during CITP, BSIC, and BEP contain comparable content to ACFE knowledge competencies Individual Rights During Examination (2.3.1), Basic Principles of Evidence (2.3.2) and Testifying as an Expert Witness (2.3.3). Table 9 provides a listing of all knowledge competency gaps and overlaps identified in subsection 2.3 of the ACFE fraud knowledge competency model. The section following Table 9 discusses the findings.

Table 9. ACFE Subsection 2.3 Comparative Analysis

| ACFE Knowledge Competency                   | AFOSI Knowledge Competency                               | Gap/Overlap |
|---|--|-------------|
| <b>2. Law</b>                               |  |             |
| <b>2.3. Practice &amp; Procedure</b>        |  |             |
| 2.3.1. Individual Rights During Examination | Non-Fraud Related CITP, BSIC& BEP Knowledge Competencies | Overlap     |
| 2.3.2. Basic Principles of Evidence         | Non-Fraud Related CITP, BSIC& BEP Knowledge Competencies | Overlap     |
| 2.3.3. Testifying as an Expert Witness      | Non-Fraud Related CITP, BSIC& BEP Knowledge Competencies | Overlap     |

(1) FINDING 2-9:ACFE Knowledge Competency: Individual Rights During Examination (2.3.1)—Overlap

This ACFE knowledge competency provides an overview of the U.S. legal system. Specific areas of focus include basic concepts of law, the judicial system, and both civil and criminal proceedings as they pertain to fraudulent activity. Non-fraud

related AFOSI knowledge competencies consisting of similar content are provided during CITP, BSIC, and BEP. Therefore, this knowledge competency is considered to be an overlap.

(2) FINDING 2-10:ACFE Knowledge Competency: Basic Principles of Evidence (2.3.1)—Overlap

This ACFE knowledge competency discusses the basic principles of evidence as they pertain to legal proceedings. Specific areas of focus include the role evidence plays in the justice system, basic forms of evidence, the federal rules of evidence (FRE) and special circumstances regarding evidence submission and omission. Non-fraud related AFOSI knowledge competencies consisting of similar content are covered during CITP, BSIC, and BEP. Therefore, this knowledge competency is considered to be an overlap.

(3) FINDING 2-11:ACFE Knowledge Competency: Testifying as an Expert Witness (2.3.3)—Overlap

This ACFE knowledge competency discusses the practice of testifying in criminal or civil legal proceedings, defines the role of testifying subject matter experts, and covers additional factors to consider such as conflicts of interest, trial preparation, and disclosure requirements. Non-fraud related AFOSI knowledge competencies consisting of similar content are covered during CITP, BSIC, and BEP. Therefore, this knowledge competency is considered to be an overlap.

### **3. Investigation**

#### ***a. Investigative Procedures***

A comparative analysis of the competencies listed under the ACFE fraud knowledge competency model, section 3 (Investigation), subsection 3.1 (Investigative Procedures) identified the following: There were a total of two ACFE knowledge competencies listed under subsection 3.1. The ACFE knowledge competency Planning and Conducting a Fraud Examination (3.1.1) was found to have an overlapping AFOSI knowledge competency How to Create a Fraud Investigative Plan (3.4). The ACFE knowledge competency Report Writing (3.1.2) also had overlapping content with AFOSI



knowledge competencies. However, report writing in AFOSI is not fraud specific. The same principles of report writing are applied to all types of investigations. As a result, there is not an AFOSI fraud specific competency with which to compare the ACFE knowledge competency Report Writing (3.1.2). However, it was still determined that there is an overlap between the ACFE knowledge competency of Report Writing (3.1.2) and non-fraud related knowledge competencies covered during CITP, BSIC, and BEP. Table 10 provides a listing of all knowledge competency gaps and overlaps identified in subsection 3.1 of the ACFE fraud knowledge competency model. The section following Table 10 discusses the findings.

Table 10. ACFE Subsection 3.1 Comparative Analysis

| ACFE Knowledge Competency                        | AFOSI Knowledge Competency                     | Gap/Overlap |
|--|--|-------------|
| <b>3. Investigation</b>                          |  |             |
| <b>3.1. Investigation Procedures</b>             |  |             |
| 3.1.1. Planning & Conducting a Fraud Examination | 3.4 - How to Create a Fraud Investigative Plan | Overlap     |
| 3.1.2. Report Writing                            | BSIC   | Overlap     |

(1) FINDING 3-1:ACFE Knowledge Competency: Planning and Conducting a Fraud Examination (3.1.1)—Overlap

This ACFE knowledge competency consists of a discussion on the importance of conducting fraud examinations, as well as guidance on how to create a plan for responding to allegations of fraud. This competency also covers what steps to include in a fraud examination. Similar content was identified under AFOSI knowledge competency How to Create a Fraud Investigative Plan (3.4). Therefore, this knowledge competency is considered to be an overlap.

(2) FINDING 3-2:ACFE Knowledge Competency: Report Writing (3.1.2)—Overlap

This ACFE knowledge competency consists of instructions for preparing a good report subsequent to a fraud examination. This competency includes guidance on format, style, structure, and mistakes to avoid. Although not specific to fraud training, similar

content was covered during AFOSI BSIC training. Therefore, this knowledge competency is considered to be an overlap.

***b. Interviewing***

A comparative analysis of the competencies listed under the ACFE fraud knowledge competency model, section 3 (Investigation), subsection 3.2 (Interviewing) identified the following: There were a total of two ACFE knowledge competencies listed under subsection 3.2. These ACFE knowledge competencies were Interview Theory and Application (3.2.1) and Interviewing Suspects and Signed Statements (3.2.2). Both competencies had overlapping content with AFOSI knowledge competencies. However, interviewing in AFOSI is not fraud specific. The same principles of interviewing are applied to all types of investigations. As a result, there is not an AFOSI fraud specific competency with which to compare these ACFE knowledge competencies. However, it was still determined that there is an overlap between these ACFE knowledge competencies and non-fraud related AFOSI knowledge competencies covered during CITP, BSIC, and BEP. Table 11 provides a listing of all knowledge competency gaps and overlaps identified in subsection 3.2 of the ACFE fraud knowledge competency model. The section following Table 11 discusses the findings.

Table 11. ACFE Subsection 3.2 Comparative Analysis

| ACFE Knowledge Competency                        | AFOSI Knowledge Competency | Gap/Overlap |
|--|----------------------------|-------------|
| <b>3. Investigation</b>                          |                            |             |
| <b>3.2. Interviewing</b>                         |                            |             |
| 3.2.1. Interview Theory & Application            | CITP/BSIC                  | Overlap     |
| 3.2.2. Interviewing Suspects & Signed Statements | CITP/BSIC                  | Overlap     |

(1) FINDING 3-3:ACFE Knowledge Competency: Interview Theory and Application (3.2.1)—Overlap

This ACFE knowledge competency consists of guidance on how to prepare for and conduct a successful interview. This competency also provides instruction on

different interviewing techniques as well as the various types of questions one can ask to elicit responses from an interviewee. Though not specific to fraud training, similar content was covered during CITP and AFOSI BSIC training. Therefore, this knowledge competency is considered to be an overlap.

(2) FINDING 3-4:ACFE Knowledge Competency: Interviewing Suspects and Signed Statements (3.2.2)—Overlap

This ACFE knowledge competency provides more in depth instruction on conducting interrogations. This includes recommendations on how to organize the interview room, what types of questions to ask, and methods for eliciting an admission and subsequent confession from a suspect. This competency also discusses important elements that should be included in a suspect's statement. Similar content was identified under non-fraud specific AFOSI knowledge competencies covered during CITP and BSIC training. Therefore, this knowledge competency is considered to be an overlap.

*c. Gathering Information*

A comparative analysis of the competencies listed under the ACFE fraud knowledge competency model, section 3 (Investigation), subsection 3.3 (Gathering Information) identified the following: There were a total of three ACFE knowledge competencies listed under subsection 3.3. These competencies are Covert Examinations (3.3.1), Sources of Information (3.3.2), and Tracing Illicit Transactions (3.3.3). The ACFE knowledge competencies Covert Examinations (3.3.1) and Sources of Information (3.3.2) had overlapping content with AFOSI knowledge competencies. However, covert examinations and sources of information in AFOSI are not fraud specific concepts. The same principles described in these two competencies are applied to all types of investigations. As a result, there is not an AFOSI fraud specific competency with which to compare the ACFE knowledge competencies Covert Examinations (3.3.1) and Sources of Information (3.3.2). However, it was still determined that there is an overlap. The ACFE knowledge competency Tracing Illicit Transactions (3.3.3) had overlapping content with the AFOSI knowledge competencies FinCEN Reporting (Electronic Reports) (1.1) and Financial Profiling Methods (1.3), as both knowledge competency



models contained comparable content for this topic. Table 12 provides a listing of all knowledge competency gaps and overlaps identified in subsection 3.3 of the ACFE fraud knowledge competency model. The section following Table 12 discusses the findings.

Table 12. ACFE Subsection 3.3 Comparative Analysis

| ACFE Knowledge Competency           | AFOSI Knowledge Competency   | Gap/Overlap |
|-------------------------------------|--|-------------|
| <b>3. Investigation</b>             |  |             |
| <b>3.3 Gathering Information</b>    |  |             |
| 3.3.1. Covert Examinations          | CITP/BSIC  | Overlap     |
| 3.3.2. Sources of Information       | CITP/BSIC  | Overlap     |
| 3.3.3. Tracing Illicit Transactions | 1.1— FinCEN Reporting (Electronic Documents); 1.3— Financial Profiling Methods | Overlap     |

(1) FINDING 3-5:ACFE Knowledge Competency: Covert Examinations (3.3.1)—Overlap

This ACFE knowledge competency consists of guidance in conducting undercover operations. This competency includes instruction on tactics for conducting such operations, as well as legal considerations related to their execution. Although not specific to fraud training, similar content was covered during CITP and AFOSI BSIC training. Therefore, this knowledge competency is considered to be an overlap.

(2) FINDING 3-6:ACFE Knowledge Competency: Sources of Information (3.3.2)—Overlap

This ACFE knowledge competency consists of information on all of the possible relevant documents one could utilize in a fraud examination. This includes public and non-public records and where to find these records. The competency also discusses the different kinds of information one can glean from the various documents and how to utilize these documents in a fraud examination. Though not specific to fraud training, similar content was covered during CITP and AFOSI BSIC training. Therefore, this knowledge competency is considered to be an overlap.

(3) FINDING 3-7:ACFE Knowledge Competency: Tracing Illicit Transactions (3.3.3)—Overlap

This ACFE knowledge competency consists of guidance on how to identify and obtain evidence related to property and assets. This competency specifically looks at various methods for tracing illicit transactions as well as how to locate hidden assets. Similar content was discovered under AFOSI knowledge competencies, FinCEN Reporting (Electronic Documents) (1.1) and Financial Profiling Methods (1.3). Therefore, this knowledge competency is considered to be an overlap.

*d. Analyzing Evidence*

A comparative analysis of the competencies listed under the ACFE fraud knowledge competency model, section 3 (Investigation), subsection 3.4 (Analyzing Evidence) identified the following: There were a total of three ACFE knowledge competencies listed under subsection 3.4. These were Analyzing Documents (3.4.1), Data Analysis and Reporting Tools (3.4.2), and Digital Forensics (3.4.3). The ACFE knowledge competencies Analyzing Documents (3.4.1) and Data Analysis and Reporting Tools (3.4.3) were found to have overlapping AFOSI knowledge competencies. The AFOSI knowledge competencies, How to Conduct Contract File Reviews (2.19) and How to Conduct a Contract File Review (3.7), had comparable content with the ACFE knowledge competency Analyzing Documents (3.4.1). The AFOSI fraud knowledge competency model did not have any knowledge competencies that were comparable to the ACFE knowledge competencies Data Analysis and Reporting Tools (3.4.2) and Digital Forensics (3.4.3). Table 13 provides a listing of all knowledge competency gaps and overlaps identified in subsection 3.4 of the ACFE fraud knowledge competency model. The section following Table 13 discusses the findings.

Table 13. ACFE Subsection 3.4 Comparative Analysis

| ACFE Knowledge Competency              | AFOSI Knowledge Competency   | Gap/Overlap |
|--|--|-------------|
| <b>3. Investigation</b>                |  |             |
| <b>3.4 Analyzing Evidence</b>          |  |             |
| 3.4.1. Analyzing Documents             | 2.19— How to Conduct Contract File Reviews; 3.7— How to Conduct a Contract File Review | Overlap     |
| 3.4.2. Data Analysis & Reporting Tools | None Identified  | Gap         |



|                          |                 |     |
|--------------------------|-----------------|-----|
| 3.4.3. Digital Forensics | None Identified | Gap |
|--------------------------|-----------------|-----|

(1) FINDING 3-8:ACFE Knowledge Competency: Analyzing Documents (3.4.1)—Overlap

This ACFE knowledge competency consists of instructions related to analyzing documents in a fraud examination. This includes what information to look for when conducting document analysis, as well as guidance for handling original documents and treating them as evidence. Similar content was identified under AFOSI knowledge competencies How to Conduct Contract File Reviews (2.19) and How to Conduct a Contract File Review (3.7). Therefore, this knowledge competency is considered to be an overlap.

(2) FINDING 3-9:ACFE Knowledge Competency: Data Analysis and Reporting Tools (3.4.2)—Gap

This ACFE knowledge competency consists of a discussion on tools and procedures for analyzing data. This includes a comparison of data mining and data analysis. Additionally, this competency provides guidance on processes and software available for use in conducting data analysis. Similar content was not identified under the AFOSI fraud knowledge competency model. Therefore, this knowledge competency is considered to be a gap.

(3) FINDING 3-10:ACFE Knowledge Competency: Digital Forensics (3.4.3)—Gap

This ACFE knowledge competency consists of a discussion on the role of computers in a fraud examination. It also provides recommendations on how to obtain evidence and supporting information from a computer. Similar content was not identified under the AFOSI fraud knowledge competency model. Therefore, this knowledge competency is considered to be a gap.

#### **4. Fraud Prevention and Deterrence**

##### ***a. Understanding Crime***

A comparative analysis of the competencies listed under the ACFE fraud knowledge competency model, section 4 (Fraud Prevention and Deterrence), subsection 4.1 (Understanding Crime) identified the following: There were a total of two ACFE knowledge competencies listed under subsection 4.1. These were Understanding Criminal Behavior (4.1.1) and White Collar Crime (4.1.2). The ACFE knowledge competency Understanding Criminal Behavior (4.1.1) was found to have comparable content with AFOSI knowledge competencies. However, understanding criminal behavior in AFOSI is not fraud specific. The same principles of understanding criminal behavior are applied to all types of investigations. As a result, there is not an AFOSI fraud specific competency with which to compare the ACFE knowledge competency Understanding Criminal Behavior (4.1.1). However, it was still determined that there is an overlap. The ACFE knowledge competency White Collar Crime (4.1.2) was found to have overlapping content with the AFOSI knowledge competencies Difference Between Fraud Scheme & Law Violation (2.20) and Difference Between Administrative Deficiencies & Criminal Indicators (2.21). Table 14 provides a listing of all knowledge competency gaps and overlaps identified in subsection 4.1 of the ACFE fraud knowledge competency model. The section following Table 14 discusses the findings.

Table 14. ACFE Subsection 4.1 Comparative Analysis

| <b>ACFE Knowledge Competency</b>          | <b>AFOSI Knowledge Competency</b>  | <b>Gap/Overlap</b> |
|---|--|--------------------|
| <b>4. Fraud Prevention and Deterrence</b> |  |                    |
| <b>4.1 Understanding Crime</b>            |  |                    |
| 4.1.1. Understanding Criminal Behavior    | CITP/BSIC  | Overlap            |
| 4.1.2. White Collar Crime                 | 2.20—Differences Between Fraud Scheme and Law Violation;<br>2.21—Differences Between Administrative Deficiencies and Criminal Indicators | Overlap            |

(1) FINDING 4-1:ACFE Knowledge Competency: Understanding Criminal Behavior (4.1.1)—Overlap

This ACFE knowledge competency consists of a discussion on what motivates people to obey the law, as well as what induces people to commit crimes. Although not specific to fraud training, similar content was covered during CITP and AFOSI BSIC training. Therefore, this knowledge competency is considered to be an overlap.

(2) FINDING 4-2:ACFE Knowledge Competency: White Collar Crime (4.1.2)—Overlap

This ACFE knowledge competency consists of a discussion on what constitutes white collar crime. This competency further looks at the elements and examples of organizational crime and occupational fraud. Similar content was identified under AFOSI knowledge competencies Differences Between Fraud Scheme and Law Violation (2.20) and Differences Between Administrative Deficiencies and Criminal Indicators (2.21). Therefore, this knowledge competency is considered to be an overlap.

***b. Fraud Prevention***

A comparative analysis of the competencies listed under the ACFE fraud knowledge competency model, section 4 (Fraud Prevention and Deterrence), subsection 4.2 (Fraud Prevention) identified the following: There were a total of three ACFE knowledge competencies listed under subsection 4.2. These were Fraud Prevention Programs (4.2.1), Fraud Risk Assessments (4.2.2), and Fraud Risk Management (4.2.3). All three knowledge competencies had comparable content with AFOSI knowledge competencies. The ACFE knowledge competency Fraud Prevention Programs (4.2.1) was found to have overlapping content with the AFOSI knowledge competencies Fraud Working Group Role (2.3) and Purpose of a Fraud Working Group and Potential Members (3.2). The ACFE knowledge competencies Fraud Risk Assessments (4.2.2) and Fraud Risk Management (4.2.3) were both found to have comparable content with the AFOSI knowledge competency Target Development Cycle (3.1). Table 15 provides a

listing of all knowledge competency gaps and overlaps identified in subsection 4.2 of the ACFE fraud knowledge competency model. The section following Table 15 discusses the findings.

Table 15. ACFE Subsection 4.2 Comparative Analysis

| ACFE Knowledge Competency                 | AFOSI Knowledge Competency  | Gap/Overlap |
|---|---|-------------|
| <b>4. Fraud Prevention and Deterrence</b> |   |             |
| <b>4.2. Fraud Prevention</b>              |   |             |
| 4.2.1. Fraud Prevention Programs          | 2.3—Fraud Working Group Role;<br>3.2—Purpose of a Fraud Working Group and Potential Members | Overlap     |
| 4.2.2. Fraud Risk Assessments             | 3.1—Target Development Cycle  | Overlap     |
| 4.2.3. Fraud Risk Management              | 3.1—Target Development Cycle  | Overlap     |

(1) FINDING 4-3:ACFE Knowledge Competency: Fraud Prevention Programs (4.2.1)—Overlap

This ACFE knowledge competency consists of recommendations for programs to prevent fraud in the workplace. This includes employee education, prevention policies, as well as ethics programs. Similar content was identified under AFOSI knowledge competencies Fraud Working Group Role (2.3) and Purpose of a Fraud Working Group and Potential Members (3.2). Therefore, this knowledge competency is considered to be an overlap.

(2) FINDING 4-4:ACFE Knowledge Competency: Fraud Risk Assessments (4.2.2)—Overlap

This ACFE knowledge competency consists of instruction on how to proactively identify and address an organization’s vulnerabilities to fraud, both internal and external. It also discusses how to effectively report the results of a fraud risk assessment, as well as address identified vulnerabilities. Similar content was identified under AFOSI knowledge competency Target Development Cycle (3.1). Therefore, this knowledge competency is considered to be an overlap.

(3) FINDING 4-5:ACFE Knowledge Competency: Fraud Risk Management (4.2.3)—Overlap

This ACFE knowledge competency consists of instructions on how to prioritize, treat, and monitor the risks identified by a fraud risk assessment. This competency further provides guidance for establishing and executing an effective fraud risk management program within an organization. Similar content was identified under AFOSI knowledge competency 3.1, Target Development Cycle. Therefore, this knowledge competency is considered to be an overlap.

*c. Ethics and Responsibilities*

A comparative analysis of the competencies listed under the ACFE fraud knowledge competency model, section 4 (Fraud Prevention and Deterrence, subsection 4.3 (Ethics & Responsibilities) identified the following: There were a total of four ACFE knowledge competencies listed under subsection 4.3. These were Ethics for Fraud Examiners (4.3.1), Corporate Governance (4.3.2), Management Responsibilities (4.3.3), and Auditor Responsibilities (4.3.4). The ACFE knowledge competency Ethics for Fraud Managers (4.3.1) had overlapping content with AFOSI knowledge competencies. However, ethics in AFOSI is not a fraud specific concept. The same principles are applied to all types of investigations. As a result, there is not an AFOSI fraud specific competency with which to compare the ACFE knowledge competency Ethics for Fraud Managers (4.3.1). However, it was still determined that there is an overlap. The AFOSI fraud knowledge competency model did not have any knowledge competencies within the body of knowledge that were considered comparable to the ACFE knowledge competencies Corporate Governance (4.3.2) or Management Responsibilities (4.3.3). The ACFE knowledge competency Auditor Responsibilities (4.3.4) had overlapping content with the AFOSI knowledge competencies Types of Audit Support (2.27) and Function of the Air Force Audit Agency (3.9). Table 16 provides a listing of all knowledge competency gaps and overlaps identified in subsection 4.3 of the ACFE fraud knowledge competency model. The section following Table 16 discusses the findings.



Table 16. ACFE Subsection 4.3 Comparative Analysis

| ACFE Knowledge Competency                 | AFOSI Knowledge Competency   | Gap/Overlap |
|---|--|-------------|
| <b>4. Fraud Prevention and Deterrence</b> |  |             |
| <b>4.3. Ethics &amp; Responsibilities</b> |  |             |
| 4.3.1. Ethics for Fraud Examiners         | CITP/BSIC  | Overlap     |
| 4.3.2. Corporate Governance               | None Identified  | Gap         |
| 4.3.3. Management Responsibilities        | None Identified  | Gap         |
| 4.3.4. Auditor Responsibilities           | 2.27—Types of Audit Support;<br>3.9—Function of the Air Force Audit Agency | Overlap     |

(1) FINDING 4-6:ACFE Knowledge Competency: Ethics for Fraud Examiners (4.3.1)—Overlap

This ACFE knowledge competency consists of a definition of ethics. This competency also discusses how ethics compare with morals and laws. Although not specific to fraud training, similar content was covered during CITP and AFOSI BSIC training. Therefore, this knowledge competency is considered to be an overlap.

(2) FINDING 4-7:ACFE Knowledge Competency: Corporate Governance (4.3.2)—Gap

This ACFE knowledge competency provides a definition of corporate governance as well as identification of the various players and principles that apply. This competency also identifies codes and guidance applicable to corporate governance. Similar content was not identified under the AFOSI fraud knowledge competency model. Therefore, this knowledge competency is considered to be a gap.

(3) FINDING 4-8:ACFE Knowledge Competency: Management Responsibilities (4.3.3)—Gap

This ACFE knowledge competency consists of a description of the role management plays in preventing and addressing fraud within an organization. This includes legal requirements, suggestions for establishing internal controls, and obtaining

employee compliance. Similar content was not identified under the AFOSI fraud knowledge competency model. Therefore, this knowledge competency is considered to be a gap.

(4) FINDING 4-9:ACFE Knowledge Competency: Auditor Responsibilities (4.3.4)—Overlap

This ACFE knowledge competency provides an explanation of the regulations, professional standards, and guidance that govern auditors in carrying out their anti-fraud related responsibilities. Similar content was identified under AFOSI knowledge competency Types of Audit Support (2.27) and Function of the Air Force Audit Agency (3.9). Therefore, this knowledge competency is considered to be an overlap.

Refer to Appendix E for a complete table representing all overlaps and gaps identified through the comparative analysis. In addition to the gaps and overlaps identified when the AFOSI fraud knowledge competency model was compared to the ACFE fraud knowledge competency model, multiple AFOSI knowledge competencies did not overlap with any of the ACFE knowledge competencies found within the ACFE fraud knowledge competency model. This will be discussed in the following section.

## **E. AFOSI COMPARATIVE ANALYSIS**

When the ACFE fraud knowledge competency model was compared to AFOSI fraud knowledge competency model, the comparative analysis disclosed that 10 AFOSI knowledge competencies were not addressed in the ACFE *Fraud Examiners Manual*, and therefore, did not have comparable ACFE knowledge competencies. The comparative analysis identified that the 10 AFOSI knowledge competencies were either covered in Stage 2 of special agent training, BSIC, or in Stage 3, BEP, and will be discussed next.

### **1. Stage Two—Basic Special Investigations Course**

Eight AFOSI knowledge competencies covered during the second stage of training lacked comparable ACFE knowledge competencies. These eight AFOSI knowledge competencies consisted of AFOSI Fraud Mission Aspects (2.1), AFOSI Purview in Procurement Fraud Involving Civilian Subjects (2.2), Environmental Crimes

Information (2.4), Environmental Crimes Procedures (2.5), Environmental Program Elements (2.6), Contractual Aspects of the Remedies Program (2.10), Administrative Deficiency (2.13) and Methods to Obtain Investigative Documentation (2.26). Table 17 provides a listing of all AFOSI knowledge competencies that lack comparable ACFE knowledge competencies identified in stage two of the AFOSI fraud knowledge competency model.

Table 17. AFOSI Stage Two (BSIC) Comparative Analysis

| AFOSI Knowledge Competency  | ACFE Knowledge Competency | Gap/Overlap |
|---|---------------------------|-------------|
| <b>2. BSIC</b>  |                           |             |
| <b>Economic Crime Orientation</b>                                   |                           |             |
| 2.1. AFOSI Fraud Mission Aspects                                    | None Identified           | Gap         |
| 2.2. AFOSI Purview in Procurement Fraud Involving Civilian Subjects | None Identified           | Gap         |
| <b>Environmental Crimes</b>   |                           |             |
| 2.4. Environmental Crimes Information                               | None Identified           | Gap         |
| 2.5. Environmental Crimes Procedures                                | None Identified           | Gap         |
| 2.6. Environmental Program Elements                                 | None Identified           | Gap         |
| <b>Fraud Remedies</b>   |                           |             |
| 2.10. Contractual Aspects of the Remedies Program                   | None Identified           | Gap         |
| <b>Fraud Statutes</b>   |                           |             |
| 2.13. Administrative Deficiency                                     | None Identified           | Gap         |
| <b>Economic Crimes Resources</b>                                    |                           |             |
| 2.26. Methods to Obtain Investigative Documentation                 | None Identified           | Gap         |

## 2. Stage Three—Basic Extension Program

Two AFOSI knowledge competencies covered during the third stage of training lacked comparable ACFE knowledge competencies. The two AFOSI knowledge competencies consisted of Documents to Request on a Subpoena (3.6) and Types and Uses of Case Status Reports (3.10). Although the *Fraud Examiners Manual* (from which the ACFE knowledge competencies are drawn) touch on the role of subpoenas in an



investigation, they are not covered to the same degree as in the AFOSI knowledge competencies. Therefore, they are treated as gaps. Table 18 provides a listing of all AFOSI knowledge competencies that lack comparable ACFE knowledge competencies identified in stage three of the AFOSI fraud knowledge competency model.

Table 18. AFOSI Stage Three (BEP) Comparative Analysis

| AFOSI Knowledge Competency                  | ACFE Knowledge Competency | Gap/Overlap |
|---|---------------------------|-------------|
| <b>3. BEP</b>                               |                           |             |
| Economic Crimes DL 102                      |                           |             |
| 3.6. Documents to Request on a Subpoena     | None Identified           | Gap         |
| Economic Crimes DL 104                      |                           |             |
| 3.10. Types and Uses of Case Status Reports | None Identified           | Gap         |

Refer to Appendix F for a complete table representing all overlaps and gaps identified through the comparative analysis. This comparative analysis provided a significant amount of data and raised many questions concerning the reasoning behind the identified gaps. A summary of the findings, as well as potential implications and recommendations based on the findings will be discussed in the following section.

## **F. IMPLICATIONS AND RECOMMENDATIONS BASED ON FINDINGS**

### **1. Summary of Findings**

The answers to the research questions based on the results of the comparative analysis conducted between the ACFE and AFOSI fraud knowledge competency models are as follows:

#### ***a. What Are the ACFE Professional Fraud Investigation Knowledge Competencies Required for Certification?***

The ACFE fraud investigation knowledge competencies that are required for certification form the overall foundation of the *Fraud Examiners Manual* by volume and subsection. There are 45 ACFE knowledge competencies that are covered in the four volumes of the *Fraud Examiners Manual*. Each volume of the manual addresses a

different knowledge area. The titles of the volumes are *Financial Transactions and Fraud Schemes*, *Law, Investigation*, and *Fraud Prevention and Deterrence*. Each volume contains multiple subsections addressing the specific fraud investigation knowledge competencies. A full listing of the 45 ACFE knowledge competencies can be found in Appendix C.

***b. What Are the AFOSI Fraud Investigation Knowledge Competencies Required for Credentialing?***

The AFOSI fraud investigation knowledge competencies required for credentialing are derived directly from the AFOSI Career Field Education and Training Plan (CFETP) Specialty Training Standard. There are 41 AFOSI knowledge competencies total, spread among three stages of training. The first stage of training, taught at the Federal Law Enforcement Training Center (FLETC) is the Criminal Investigator Training Program (CITP). The second stage of training, also taught at FLETC, is the Basic Special Investigations Course (BSIC), which provides AFOSI agency-specific training to prospective agents. The third stage of training is the Basic Extension Program (BEP), which occurs during the 15-month Probationary Agent Training Program (PATP). A full listing of the 41 AFOSI knowledge competencies can be found in Appendix D.

***c. How Do the ACFE and AFOSI Required Fraud Investigation Knowledge Competencies Compare?***

The ACFE fraud knowledge competency model consisted of 45 knowledge competencies, whereas the AFOSI fraud knowledge competency model consisted of 41 knowledge competencies. In many instances throughout the comparative analysis, multiple AFOSI knowledge competencies overlapped with a single ACFE knowledge competency. For this reason, the most accurate assessment of the data is provided when the knowledge competencies from both fraud knowledge competency models are combined. When the knowledge competencies from the ACFE fraud knowledge competency model and the AFOSI fraud knowledge competency model are combined, there are a total of 86 knowledge competencies between the two models. Of the total

number of knowledge competencies (86), 59 of those had overlaps between the two models. This left 27 knowledge competencies between the two models without comparable matches, 17 ACFE knowledge competencies and 10 AFOSI knowledge competencies. Of the 17 ACFE knowledge competency gaps identified, the ACFE fraud knowledge competency model sections that included multiple ACFE knowledge competency gaps were Other Fraud Schemes (1.3), Law Overview (2.1), Analyzing Evidence (3.4), and Ethics & Responsibilities (4.3). Appendix E provides a complete listing of all 17 ACFE knowledge competency gaps identified through the comparative analysis. Some of the AFOSI knowledge competency gaps identified included the AFOSI Fraud Mission and Aspects (2.1), Environmental Crimes Information (2.4), Environmental Crimes Procedures (2.5), Methods to Obtain Investigative Documentation (2.26), and Documents to Request on a Subpoena (3.6). Appendix F provides a complete listing of all 10 AFOSI knowledge competency gaps identified through the comparative analysis. Approximately 68.6 percent of the material covered in the two knowledge competency models overlapped, while approximately 31.4 percent of the material did not overlap. Refer to Appendix G, which provides a combined overall comparison of both fraud knowledge competency models.

## **2. Implications**

The findings show well over half of the competencies overlapped between the two knowledge competency models. This indicates somewhat of a common understanding between both knowledge competency models regarding the necessary competencies an individual must have in order to adequately investigate fraud. While approximately two-thirds coverage can be considered a majority, further explanation is warranted to clarify potential causes for the gaps identified in the remaining one-third of the ACFE and AFOSI knowledge competencies.

### ***a. Fraud Mission and Jurisdiction***

One potential cause for the knowledge competency gaps between the ACFE and AFOSI fraud knowledge competency models could be attributed to the different missions of the ACFE and the AFOSI. The ACFE is a non-governmental organization, comprised

of members from a variety of backgrounds, both from government service and private industry. To adequately address the variety of individual experience and professional purview of each member, the ACFE must cover a greater scope of material in its training. In comparison, the AFOSI is a military criminal investigative organization (MCIO) for the U.S. Air Force (USAF). As such, its mission is concentrated on those crimes affecting USAF personnel and assets. Moreover, due to federal agency jurisdictional considerations, investigations into issues such as tax fraud and theft of intellectual property would be handled by the appropriate federal agency established to investigate such crimes—the Internal Revenue Service Criminal Investigation Division (IRS-CID) and Federal Bureau of Investigations (FBI) respectively in this case. Therefore, knowledge competencies covering this material would not need to be included in AFOSI anti-fraud training. The same can be stated to explain the ten AFOSI knowledge competencies that did not have overlapping ACFE knowledge competencies. While the ACFE knowledge competency model covers various facets of procurement fraud, a common type of crime associated with government spending, the AFOSI knowledge competencies appeared to go more in depth by including such knowledge competencies as Contractual Aspects to the Remedies Program (2.10), Administrative Deficiency (2.13), and Environmental Crimes (2.4— 2.6).

***b. Purview***

Perhaps a secondary reason identified for the gaps between the ACFE and AFOSI fraud knowledge competency models is that the AFOSI does not solely focus on fraud-related investigations. As mentioned in Chapter III, the AFOSI has six areas of operation within its investigative purview (AFOSI, 2014). These six areas of operation create a wide spectrum of crimes that the AFOSI is responsible for, including but not limited to illegal narcotics, violent crimes, cyber investigations, espionage, and counterintelligence. As a result, special agents must be adequately trained and prepared to investigate a myriad of crimes. Therefore, the AFOSI training cannot focus exclusively on fraud due to a finite amount of time and resources that must be allocated to other types of investigations. In contrast, the ACFE is an organization dedicated entirely to fraud, which

allows the ACFE to invest all of its time and resources exclusively toward training and developing future certified fraud examiners.

### **3. Recommendations**

Based upon the previously discussed implications, reasonable explanations, such as each organization's mission and differing purview, exist that address the gaps identified between the ACFE and AFOSI fraud knowledge competency models. However, it would be prudent to suggest that both organizations have the capacity to further limit the amount of knowledge competency gaps. One of the suggestions would be to expand the overall number of knowledge competencies covered by each organization. Although, as previously mentioned, both organizations are ultimately hampered by a finite amount of time and resources, and therefore, cannot realistically cover every imaginable aspect of anti-fraud training.

Another suggestion would be to focus on the challenges presented by organizational purview. Properly handling sensitive issues such as criminal investigations require an extensive amount of training and experience. With the AFOSI's wide purview of investigative responsibilities, a possible solution to gaps in knowledge competencies for every manner of criminal investigations, including fraud, might be to increase the number and emphasis placed on subject matter experts for each of the six areas of operation. Instead of continual training in all aspects of the AFOSI areas of operation, special agents would in fact "specialize" in a specific area. This approach would allow for a greater amount of time and resources in a specific area of operation, such as fraud investigations, to be invested in a smaller amount of personnel. This approach would then justify the inclusion of additional fraud knowledge competencies into mandatory follow-on training for all individuals selected to fill the role of fraud investigator after they had successfully completed the Probationary Agent Training Program (PATP).

A suggestion the ACFE could implement to address its knowledge area gaps would be to generate supplements to the *Fraud Examiners Manual*. These supplements would not necessarily be testable, but would cover material related to military specific fraud, including the FAR, administrative remedies, UCMJ, and the roles and

responsibilities of the various MCIOs. This would serve as a great resource to both military and non-military alike. Large, complex fraud cases are often worked by a mix of non-military federal agencies, who typically do not have much experience conducting joint investigations with MCIOs. These supplements would offer a source of information and clarification to facilitate the various agencies working with one another.

## **G. SUMMARY**

Chapter IV provided a comparative analysis of the ACFE and AFOSI fraud knowledge competency models. The chapter first provided an overview of the ACFE fraud knowledge competency model and the AFOSI fraud knowledge competency model. The chapter then discussed the methodology used for conducting the analysis, including an explanation of how the various competencies were determined to be gaps or overlaps with one another. The chapter then identified and discussed the gaps and overlaps between the two bodies of knowledge. The chapter finished with implications and recommendations based on the comparative analysis findings. The final chapter will present a summary, conclusions, and areas for further research.

## **V. SUMMARY, CONCLUSION, AND AREAS FOR FURTHER RESEARCH**

### **A. INTRODUCTION**

This chapter will first provide a summary of the background that motivated this research project. The chapter will then provide a conclusion and briefly discuss the findings based on the analysis related to the research questions initially presented. The chapter will also discuss areas for further research.

### **B. SUMMARY**

Acquisition and contracting play significant roles in achieving government effectiveness and efficiency. Procuring products and services has become a standard practice in fulfilling government requirements. The United States Air Force (USAF) spends billions of dollars a year on contracts ranging from simple services to major weapons systems. In fiscal year (FY) 2014 alone, \$18.8 billion was budgeted for “blue”—USAF only—procurement (Office of the Under Secretary of Defense/Comptroller, 2013). Government funding for defense acquisition is a finite resource, and those entrusted with the authority to obligate taxpayer dollars should do so with the greatest responsibility.

In an effort to establish a system that promotes fiscal responsibility and stewardship, the federal government and subordinate agencies, such as the Department of Defense (DOD), have utilized a contract management process. The contract management process is predicated on statutory requirements and regulations that seek to standardize and manage the procurement process to limit fraud, waste, and abuse, and provide the end customer with the best product available in a timely manner (Federal Acquisition Regulation [FAR] 1.102).

As with any established process, the contract management process is not immune to fraud, waste and abuse. Procurement fraud has been prevalent throughout the history of government acquisition (Davidson, 1997). All government agencies must have effective controls in place to detect and prevent fraudulent activity within their

departments. The USAF established the Air Force Office of Special Investigations (AFOSI) to help combat fraud within Air Force procurement channels. The AFOSI took on the responsibility of investigating all felony-level crimes involving USAF personnel and assets, including fraud and financial crimes. AFOSI special agents assigned to major procurement fraud positions are required to possess a distinctive knowledge base due to investigative complexities not normally found in general criminal or counterintelligence investigations. To address the specialized knowledge required throughout fraud investigations, the AFOSI has developed and implemented a set of knowledge competencies all special agents must possess to be considered fully qualified, referred to throughout the agency as credentialed.

With ever-changing economic conditions facing every marketplace, the importance placed on fraud awareness has considerably increased in the non-government sector over the past few decades. The Association of Certified Fraud Examiners (ACFE) has quickly emerged as the anti-fraud profession's leader for fraud examination/investigation expertise. The ACFE is now the largest organization in the world that specializes in anti-fraud and financial crimes training and education. With membership numbering at approximately 75,000, the ACFE is the organization recognized for its expertise in anti-fraud education and training (ACFE, 2014b).

The continuous improvement and development of personnel is a large part of the foundational pillar of the AFOSI ("AFOSI Mission, Vision, & Vector," n.d.). To objectively compare the current AFOSI competencies, this research project uses the ACFE *Fraud Examiners Manual* as the professional standard body of knowledge in terms of curricular and knowledge required for fraud examination and certification. The goal of this research was to extend the AFOSI foundation by addressing gaps and overlaps between AFOSI and ACFE fraud investigation knowledge competencies, hereafter referred to as *knowledge competencies*, to achieve overall fraud training process improvement.



## **C. CONCLUSION**

The answers to the research questions based on the results of the comparative analysis conducted between the ACFE and AFOSI knowledge competency models are as follows:

1. What are the ACFE professional fraud investigation knowledge competencies required for certification?

The ACFE professional knowledge competencies that are required for certification form the overall foundation of the Fraud Examiners Manual by volume and subsection. A full listing of the 45 ACFE knowledge competencies can be found in Appendix C.

2. What are the AFOSI fraud investigation knowledge competencies required for credentialing?

The AFOSI fraud investigation knowledge competencies required for credentialing are derived directly from the AFOSI Career Field Education and Training Plan (CFETP) Specialty Training Standard. A full listing of the 41 AFOSI knowledge competencies can be found in Appendix D.

3. How do the ACFE and AFOSI required fraud investigation knowledge competencies compare?

The ACFE knowledge competency model consisted of 45 knowledge competencies, whereas the AFOSI knowledge competency model consisted of 41 knowledge competencies. Of the total number of knowledge competencies (86), 59 of those had overlaps between the two models. This left 27 knowledge competencies between the two models without comparable matches, which included 17 ACFE knowledge competencies and 10 AFOSI knowledge competencies. Of the 17 ACFE knowledge competency gaps identified, the ACFE fraud knowledge competency model sections that included multiple ACFE knowledge competency gaps were Other Fraud Schemes (1.3), Law Overview (2.1), Analyzing Evidence (3.4), and Ethics & Responsibilities (4.3). Appendix E provides a complete listing of all 17 ACFE knowledge

competency gaps identified through the comparative analysis. Some of the AFOSI knowledge competency gaps identified included the AFOSI Fraud Mission and Aspects (2.1), Environmental Crimes Information (2.4), Environmental Crimes Procedures (2.5), Methods to Obtain Investigative Documentation (2.26), and Documents to Request on a Subpoena (3.6). Appendix F provides a complete listing of all 10 AFOSI knowledge competency gaps identified through the comparative analysis. Approximately 68.6 percent of the material covered in the two knowledge competency models overlapped, while approximately 31.4 percent of the material did not overlap. Refer to Appendix G, which provides a combined overall comparison of both fraud knowledge competency models.

#### **D. AREAS FOR FURTHER RESEARCH**

The research provided in this report identified similarities and differences between the fraud knowledge competencies established by the AFOSI and the ACFE. The findings in this report lay the groundwork for further research. There are three particular areas of further research that could be built upon the findings in this research.

First, this research was conducted comparing fraud knowledge competencies between the AFOSI and the ACFE. Further research could be conducted comparing the AFOSI's fraud knowledge competencies with those of other Military Criminal Investigative Organizations (MCIO). A similar research topic would be to compare the AFOSI's fraud knowledge competencies with those of other non-military federal investigative agencies.

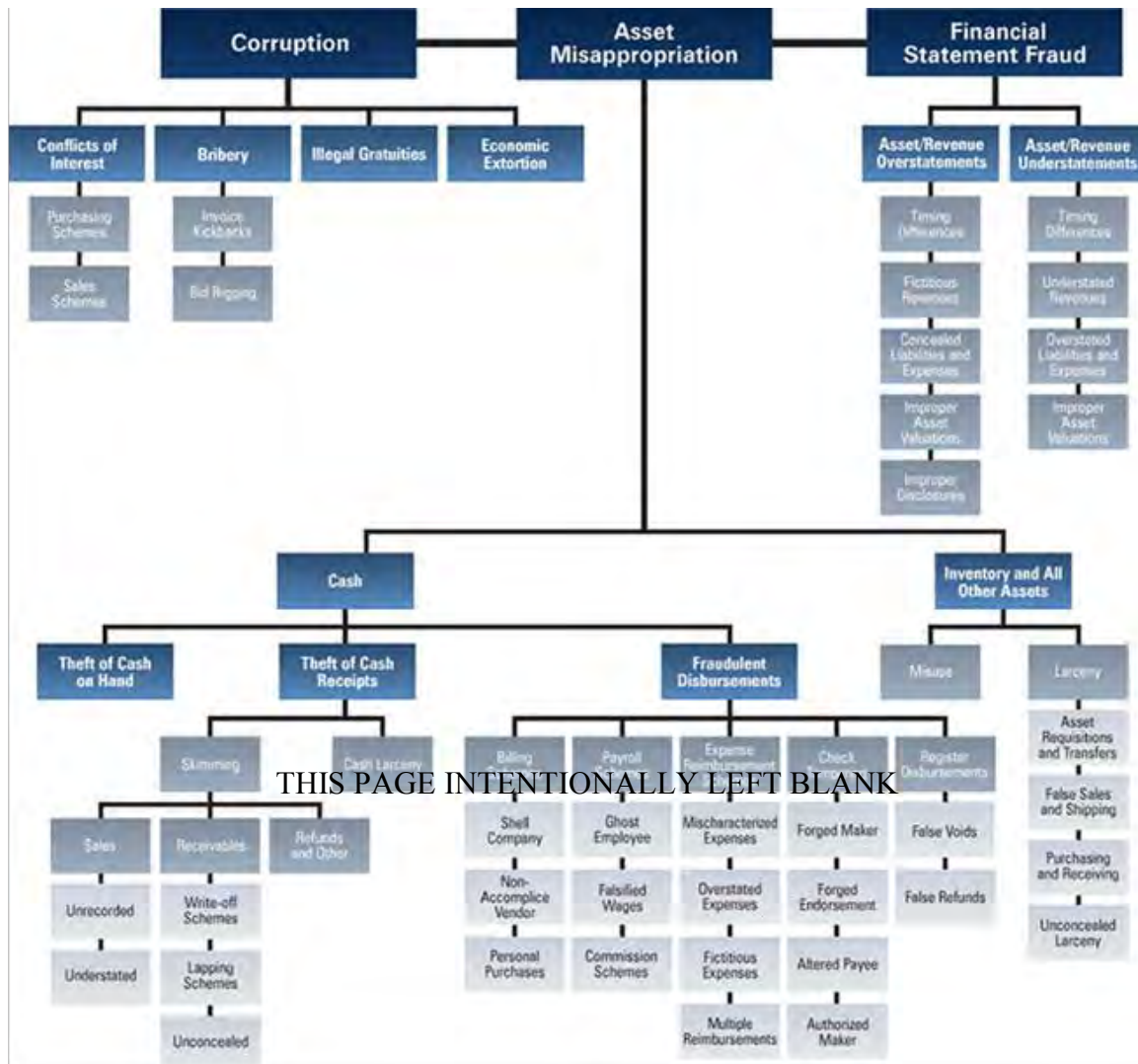
A second area for further research would center on the ACFE. Having compared the AFOSI knowledge competencies with those of the ACFE, a subsequent area for research would be to compare the fraud knowledge competencies of other MCIOs with those of the ACFE. By the same token, another research topic could be to compare the ACFE fraud knowledge competencies with those of other non-military federal investigative agencies.

A final area for further research would look at the impact(s) of the identified knowledge gaps and the reality of trying to close the identified gaps. One research topic

could be an attempt to determine whether the knowledge gaps cause a negative impact to the AFOSI in being able to execute its mission or the ACFE in being able to provide the appropriate resources and training. Another research topic could look at the true cost(s) and requirement(s) of trying to close the knowledge gaps. A third research question might look at determining whether or not the AFOSI and/or the ACFE would actually benefit significantly from closing the knowledge gaps.

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## APPENDIX A. FRAUD TREE



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## APPENDIX B. APPROVED PROFESSIONAL CERTIFICATIONS

| Professional Certification                 | Acronym | Source Agency  |
|--|---------|--|
| Accredited in Business Valuation           | ABV     | American Institute of Certified Public Accountants (AICPA)     |
| Anti-Money Laundering Professional         | AML/P   | BAI Center for Certifications                                  |
| Accredited Senior Appraiser                | ASA     | American Society of Appraisers (ASA)                           |
| Accredited Valuation Analyst               | AVA     | National Association of Certified Valuation Analysts (NACVA)   |
| Chartered Accountant                       | CA      | The Canadian Institute of Chartered Accountants                |
| Certified Anti-Money Laundering Specialist | CAMS    | The Association of Certified Anti-Money Laundering Specialists |
| Certified Bookkeeper                       | CB      | American Institute of Professional Bookkeepers (AIPB)          |
| Certified Bank Auditor                     | CBA     | Bank Administration Institute                                  |
| Certified Bank Compliance Officer          | CBCO    | Bank Administration Institute                                  |
| Certified Financial Analyst                | CFA     | American Academy of Financial Management                       |
| Certified Fire and Arson Investigator      | CFAI    | International Security and Detective Alliance                  |
| Certified Forensic Financial Analyst       | CFFA    | National Association of Certified Valuation Analysts (NACVA)   |
| Certified Financial Planner                | CFP     | Institute of Certified Financial Planners                      |
| Certified Financial Services Auditor       | CFSA    | The Institute of Internal Auditors                             |
| Certified General Accountant               | CGA     | Certified General Accountants Association of Canada            |
| Certified Government Auditing Professional | CGAP    | The Institute of Internal Auditors                             |
| Certified Government Financial Manager     | CGFM    | Association of Government Accountants                          |
| Certified Internal Auditor                 | CIA     | Institute of Internal Auditors                                 |
| Certified Insurance Fraud Investigator     | CIFI    | International Association of Special Investigation Units       |
| Certified International Investigator       | CII     | Council of International Investigators                         |
| Certified Information Privacy Professional | CIPP    | International Association of Privacy Professionals             |
| Certified Information Systems Auditor      | CISA    | Information Systems Audit and Control Association (ISACA)      |
| Certified Information Security Manager     | CISM    | Information Systems Audit and Control Association (ISACA)      |



| Professional Certification                                 | Acronym | Source Agency   |
|--|---------|---|
| <b>Certified Information Systems Security Professional</b> | CISSP   | The International Information Systems Security Certification Consortium, Inc. |
| <b>Certified Information Technology Professional</b>       | CITP    | American Institute of Certified Public Accountants (AICPA)                    |
| <b>Certified Legal Investigator</b>                        | CLI     | National Association of Legal Investigators                                   |
| <b>Certified Management Accountant</b>                     | CMA     | Institute of Certified Management Accountants                                 |
| <b>Certified Public Accountant</b>                         | CPA     | American Institute of Certified Public Accountants (AICPA)                    |
| <b>Certified Protection Officer</b>                        | CPO     | International Foundation for Protection Officers (IFPO)                       |
| <b>Certified Protection Professional</b>                   | CPP     | International Foundation for Protection Officers (IFPO)                       |
| <b>Certified Protection Professional</b>                   | CPP     | American Society for Industrial Security                                      |
| <b>Certified Risk Professional</b>                         | CRP     | BAI Center for Certifications   |
| <b>Certified Systems Professional</b>                      | CSP     | Institute for Certification of Computing Professionals                        |
| <b>Computer Systems Security Professional</b>              | CSSP    | International Association for Computer Systems Security, Inc.                 |
| <b>Certified Valuation Analyst</b>                         | CVA     | The National Association of Certified Calculation Analyst                     |
| <b>Information Security Specialist Examination</b>         | SC      | METI and Information-Technology Promotion Agency, Japan                       |
| <b>Small and Medium Enterprise Management Consultants</b>  | SMEC    | The Small and Medium Enterprise Agency, METI Japan                            |
| <b>Information Systems Security Administrator</b>          | SU      | Information-Technology Promotion Agency, Japan                                |



## APPENDIX C. ACFE FRAUD KNOWLEDGE COMPETENCY MODEL

| ACFE FRAUD KNOWLEDGE COMPETENCY MODEL                |  |           |
|--|--|-----------|
| Competency Designator                                | Task, Knowledge, and Technical Reference | Core Task |
| <b>1. Financial Transactions &amp; Fraud Schemes</b> |  |           |
| 1.1. Financial Transactions                          |  |           |
| 1.1.1  | Accounting Concepts                      | Yes       |
| 1.2. Occupational Fraud Schemes                      |  |           |
| 1.2.1  | Financial Statement Fraud                | Yes       |
| 1.2.2  | Asset Misappropriation                   | Yes       |
| 1.2.3  | Cash Receipts                            | Yes       |
| 1.2.4  | Fraudulent Disbursements                 | Yes       |
| 1.2.5  | Inventory/Other Assets                   | Yes       |
| 1.2.6  | Bribery & Corruption                     | Yes       |
| 1.3. Other Fraud Schemes                             |  |           |
| 1.3.1  | Financial Institution Fraud              | Yes       |
| 1.3.2  | Check/Credit Card Fraud                  | Yes       |
| 1.3.3  | Theft of Intellectual Property           | Yes       |
| 1.3.4  | Insurance Fraud                          | Yes       |
| 1.3.5  | Health Care Fraud                        | Yes       |
| 1.3.6  | Consumer Fraud                           | Yes       |
| 1.3.7  | Computer/Internet Fraud                  | Yes       |
| 1.3.8  | Contract/Procurement Fraud               | Yes       |
| <b>2. Law</b>  |  |           |
| 2.1. Overview  |  |           |
| 2.1.1  | Overview of US Legal System              | Yes       |
| 2.1.2  | The Law Related to Fraud                 | Yes       |
| 2.1.3  | Bankruptcy Fraud                         | Yes       |
| 2.1.4  | Securities Fraud                         | Yes       |
| 2.1.5  | Money Laundering                         | Yes       |
| 2.1.6  | Tax Fraud                                | Yes       |
| 2.2. Punishing Offenders                             |  |           |
| 2.2.1  | Criminal Prosecutions                    | Yes       |
| 2.2.2  | Civil Justice System                     | Yes       |
| 2.3. Practice & Procedure                            |  |           |

|   |   |     |
|---|---|-----|
| 2.3.1                                       | Individual Rights During Examination      | Yes |
| 2.3.2                                       | Basic Principles of Evidence              | Yes |
| 2.3.3                                       | Testifying as an Expert Witness           | Yes |
| <b>3. Investigation</b>                     |   |     |
| 3.1. Investigation Procedures               |   |     |
| 3.1.1                                       | Planning & Conducting a Fraud Examination | Yes |
| 3.1.2                                       | Report Writing                            | Yes |
| 3.2. Interviewing                           |   |     |
| 3.2.1                                       | Interview Theory & Application            | Yes |
| 3.2.2                                       | Interviewing Suspects & Signed Statements | Yes |
| 3.3. Gathering Information                  |   |     |
| 3.3.1                                       | Covert Examinations                       | Yes |
| 3.3.2                                       | Sources of Information                    | Yes |
| 3.3.3                                       | Tracing Illicit Transactions              | Yes |
| 3.4. Analyzing Evidence                     |   |     |
| 3.4.1                                       | Analyzing Documents                       | Yes |
| 3.4.2                                       | Data Analysis & Reporting Tools           | Yes |
| 3.4.3                                       | Digital Forensics                         | Yes |
| <b>4. Fraud Prevention &amp; Deterrence</b> |   |     |
| 4.1. Understanding Crime                    |   |     |
| 4.1.1                                       | Understanding Criminal Behavior           | Yes |
| 4.1.2                                       | White Collar Crime                        | Yes |
| 4.2. Fraud Prevention                       |   |     |
| 4.2.1                                       | Fraud Prevention Programs                 | Yes |
| 4.2.2                                       | Fraud Risk Assessments                    | Yes |
| 4.2.3                                       | Fraud Risk Management                     | Yes |
| 4.3. Ethics & Responsibilities              |   |     |
| 4.3.1                                       | Ethics for Fraud Examiners                | Yes |
| 4.3.2                                       | Corporate Governance                      | Yes |
| 4.3.3                                       | Management Responsibilities               | Yes |
| 4.3.4                                       | Auditor Responsibilities                  | Yes |



## APPENDIX D. AFOSI FRAUD KNOWLEDGE COMPETENCY MODEL

| AFOSI FRAUD KNOWLEDGE COMPETENCIES  |   |           |
|-------------------------------------|---|-----------|
| Competency Designator               | Task, Knowledge and Technical Reference                                       | Core Task |
| <b>STAGE 1 - CITP</b>               |   |           |
| 1.1                                 | FinCEN Reporting (Electronic Reports)   | Yes       |
| 1.2                                 | Title 18 U.S.C. 1956/1957 (Money Laundering)                                  | Yes       |
| 1.3                                 | Financial Profiling Methods   | Yes       |
| 1.4                                 | Elements of Wire Fraud, Mail Fraud and Transportation Across Interstate Lines | Yes       |
| <b>STAGE 2 - BSIC</b>               |   |           |
| <b>Economic Crime Orientation</b>   |   |           |
| 2.1                                 | AFOSI Fraud Mission Aspects   | Yes       |
| 2.2                                 | AFOSI Purview in Procurement Fraud Involving Civilian Subjects                | Yes       |
| 2.3                                 | Fraud Working Group Role  | Yes       |
| <b>Environmental Crimes</b>         |   |           |
| 2.4                                 | Environmental Crimes Information  | Yes       |
| 2.5                                 | Environmental Crimes Procedures   | Yes       |
| 2.6                                 | Environmental Program Elements  | Yes       |
| <b>Fraud Remedies</b>               |   |           |
| 2.7                                 | Criminal Aspects of the Remedies Program                                      | Yes       |
| 2.8                                 | Civil Aspects of the Remedies Program   | Yes       |
| 2.9                                 | Administrative Aspects of the Remedies Program                                | Yes       |
| 2.10                                | Contractual Aspects of the Remedies Program                                   | Yes       |
| <b>Fraud Statutes</b>               |   |           |
| 2.11                                | Fraud Criminal Statutes   | Yes       |
| 2.12                                | Fraud Civil Statutes  | Yes       |
| 2.13                                | Administrative Deficiency   | Yes       |
| 2.14                                | Issues Relevant to Proving Intent in Fraud Investigations                     | Yes       |
| <b>Procurement Process Overview</b> |   |           |
| 2.15                                | Phases of the Acquisitions Cycle  | Yes       |
| 2.16                                | Legally Binding Contract  | Yes       |
| 2.17                                | Contract Types  | Yes       |
| 2.18                                | Contract Requirements/Specifications  | Yes       |
| 2.19                                | How to Conduct Contract File Reviews  | Yes       |
| <b>Fraud Schemes</b>                |   |           |
| 2.20                                | Difference Between Fraud Scheme & Law Violation                               | Yes       |
| 2.21                                | Difference Between Administrative Deficiencies & Criminal Indicators          | Yes       |

|                                  |  |     |
|----------------------------------|--|-----|
| 2.22                             | Product Substitution Scheme                            | Yes |
| 2.23                             | Public Corruption Scheme                               | Yes |
| 2.24                             | Mischarging/Defective Pricing Schemes                  | Yes |
| 2.25                             | Fraud Indicators                                       | Yes |
| <b>Economic Crimes Resources</b> |  |     |
| 2.26                             | Methods to Obtain Investigative Documentation          | Yes |
| 2.27                             | Types of Audit Support                                 | Yes |
| <b>STAGE 3 - PATP/BEP</b>        |  |     |
| <b>Economic Crimes DL 101</b>    |  |     |
| 3.1                              | Target Development Cycle                               | Yes |
| 3.2                              | Purpose of a Fraud Working Group and Potential Members | Yes |
| <b>Economic Crimes DL 102</b>    |  |     |
| 3.3                              | Prosecutorial Jurisdiction in Fraud Investigations     | Yes |
| 3.4                              | How to Create a Fraud Investigative Plan               | Yes |
| 3.5                              | Fraud Schemes and Statutes                             | Yes |
| 3.6                              | Documents to Request on a Subpoena                     | Yes |
| <b>Economic Crimes DL 103</b>    |  |     |
| 3.7                              | How to Conduct a Contract File Review                  | Yes |
| 3.8                              | Federal Acquisition Regulation                         | Yes |
| 3.9                              | Function of the Air Force Audit Agency                 | Yes |
| <b>Economic Crimes DL 104</b>    |  |     |
| 3.10                             | Types and Uses of Case Status Reports                  | Yes |



## APPENDIX E. COMPLETE TABLE OF ACFE & AFOSI KNOWLEDGE COMPETENCY COMPARATIVE ANALYSIS FINDINGS

| LEGEND   |   |             |
|--|---|-------------|
| Gap -  |   |             |
| Overlap -  |   |             |
| AFOSI Non-Fraud Related Overlap -                    |   |             |
| ACFE Knowledge Competency                            | AFOSI Knowledge Competency  | Gap/Overlap |
| <b>1. Financial Transactions &amp; Fraud Schemes</b> |   |             |
| 1.1. Financial Transactions                          |   |             |
| 1.1.1. Accounting Concepts                           | None Identified   | Gap         |
| 1.2. Occupational Fraud Schemes                      |   |             |
| 1.2.1. Financial Statement Fraud                     | None Identified   | Gap         |
| 1.2.2. Asset Misappropriation                        | 3.5. Fraud Schemes and Statutes   | Overlap     |
| 1.2.3. Cash Receipts                                 | 3.5. Fraud Schemes and Statutes   | Overlap     |
| 1.2.4. Fraudulent Disbursements                      | None Identified   | Gap         |
| 1.2.5. Inventory/Other Assets                        | CITP  | Overlap     |
| 1.2.6. Bribery & Corruption                          | 2.23. Public Corruption Schemes   | Overlap     |
| 1.3. Other Fraud Schemes                             |   |             |
| 1.3.1. Financial Institution Fraud                   | None Identified   | Gap         |
| 1.3.2. Check/Credit Card Fraud                       | None Identified   | Gap         |
| 1.3.3. Theft of Intellectual Property                | None Identified   | Gap         |
| 1.3.4. Insurance Fraud                               | None Identified   | Gap         |
| 1.3.5. Health Care Fraud                             | None Identified   | Gap         |
| 1.3.6. Consumer Fraud                                | None Identified   | Gap         |
| 1.3.7. Computer/Internet Fraud                       | None Identified   | Gap         |
| 1.3.8. Contract Procurement Fraud                    | 2.15. Phases of the Acquisitions Cycle, 2.16. Legally Binding Contracts, 2.17. Contract Types, 2.18. Contract Requirements/Specifications, 2.22. Product Substitution, 2.24. Cost Mischarging/Defective Pricing, 2.25. Fraud Indicators & 3.5. Fraud Schemes and Statutes   | Overlap     |
| <b>2. Law</b>  |   |             |
| 2.1. Overview  |   |             |
| 2.1.1. Overview of the U.S. Legal System             | Non-Fraud Related CITP& BEP Knowledge Competencies  | Overlap     |
| 2.1.2. The Law Related to Fraud                      | 1.4. Elements of Wire Fraud, Mail Fraud and Transportation Across Interstate Lines, 2.9. Administrative Aspects of the Remedies Program, 2.11. Fraud Criminal Statutes, 2.12. Fraud Civil Statutes, 2.14. Issues Relevant to Proving Intent in Fraud Investigations, 3.3. Prosecutorial Jurisdiction in Fraud Investigations, 3.8. Federal Acquisition Regulation | Overlap     |
| 2.1.3. Bankruptcy Fraud                              | None Identified   | Gap         |
| 2.1.4. Securities Fraud                              | None Identified   | Gap         |
| 2.1.5. Money Laundering                              | 1.2. Title 18 U.S.C. 1956/1957 (Money Laundering)   | Overlap     |
| 2.1.6. Tax Fraud                                     | None Identified   | Gap         |
| 2.2. Punishing Offenders                             |   |             |

|  |  |         |
|--|--|---------|
| 2.2.1. Criminal Prosecutions for Fraud           | 2.7. Criminal Aspects of the Remedies Program, 3.3. Prosecutorial Jurisdiction in Fraud Investigations                                       | Overlap |
| 2.2.2. Civil Justice System                      | 2.8. Civil Aspects of the Remedies Program, 3.3. Prosecutorial Jurisdiction in Fraud Investigations  | Overlap |
| <b>2.3. Practice &amp; Procedure</b>             |  |         |
| 2.3.1. Individual Rights During Examination      | Non-Fraud Related CITP, BSIC& BEP Knowledge Competencies   | Overlap |
| 2.3.2. Basic Principles of Evidence              | Non-Fraud Related CITP, BSIC& BEP Knowledge Competencies   | Overlap |
| 2.3.3. Testifying as an Expert Witness           | Non-Fraud Related CITP, BSIC& BEP Knowledge Competencies   | Overlap |
| <b>3. Investigation</b>                          |  |         |
| <b>3.1. Investigation Procedures</b>             |  |         |
| 3.1.1. Planning & Conducting a Fraud Examination | 3.4 - How to Create a Fraud Investigative Plan   | Overlap |
| 3.1.2. Report Writing                            | BSIC   | Overlap |
| <b>3.2. Interviewing</b>                         |  |         |
| 3.2.1. Interview Theory & Application            | CITP/BSIC  | Overlap |
| 3.2.2. Interviewing Suspects & Signed Statements | CITP/BSIC  | Overlap |
| <b>3.3 Gathering Information</b>                 |  |         |
| 3.3.1. Covert Examinations                       | CITP/BSIC  | Overlap |
| 3.3.2. Sources of Information                    | CITP/BSIC  | Overlap |
| 3.3.3. Tracing Illicit Transactions              | 1.1 – FinCEN Reporting (Electronic Documents);<br>1.3 – Financial Profiling Methods  | Overlap |
| <b>3.4 Analyzing Evidence</b>                    |  |         |
| 3.4.1. Analyzing Documents                       | 2.19 – How to Conduct Contract File Reviews; 3.7 – How to Conduct a Contract File Review   | Overlap |
| 3.4.2. Data Analysis & Reporting Tools           | None Identified  | Gap     |
| 3.4.3. Digital Forensics                         | None Identified  | Gap     |
| <b>4. Fraud Prevention and Deterrence</b>        |  |         |
| <b>4.1 Understanding Crime</b>                   |  |         |
| 4.1.1. Understanding Criminal Behavior           | CITP/BSIC  | Overlap |
| 4.1.2. White Collar Crime                        | 2.20 – Differences Between Fraud Scheme and Law Violation;<br>2.21 – Differences Between Administrative Deficiencies and Criminal Indicators | Overlap |
| <b>4.2. Fraud Prevention</b>                     |  |         |
| 4.2.1. Fraud Prevention Programs                 | 2.3 – Fraud Working Group Role;<br>3.2 – Purpose of a Fraud Working Group and Potential Members  | Overlap |
| 4.2.2. Fraud Risk Assessments                    | 3.1 – Target Development Cycle   | Overlap |
| 4.2.3. Fraud Risk Management                     | 3.1 – Target Development Cycle   | Overlap |
| <b>4.3. Ethics &amp; Responsibilities</b>        |  |         |
| 4.3.1. Ethics for Fraud Examiners                | CITP/BSIC  | Overlap |
| 4.3.2. Corporate Governance                      | None Identified  | Gap     |



|                                    |  |         |
|------------------------------------|--|---------|
| 4.3.3. Management Responsibilities | None Identified  | Gap     |
| 4.3.4. Auditor Responsibilities    | 2.27 – Types of Audit Support;<br>3.9 – Function of the Air Force Audit Agency | Overlap |

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**APPENDIX F. COMPLETE TABLE OF AFOSI KNOWLEDGE  
COMPETENCIES WITHOUT COMPARABLE ACFE KNOWLEDGE  
COMPETENCY MATCHES**

| <b>AFOSI Knowledge Competency</b>                                   | <b>ACFE Knowledge Competency</b> | <b>Gap/Overlap</b> |
|---|----------------------------------|--------------------|
| <b>2. BSIC</b>  |                                  |                    |
| <b>Economic Crime Orientation</b>                                   |                                  |                    |
| 2.1. AFOSI Fraud Mission Aspects                                    | None Identified                  | Gap                |
| 2.2. AFOSI Purview in Procurement Fraud Involving Civilian Subjects | None Identified                  | Gap                |
| <b>Environmental Crimes</b>   |                                  |                    |
| 2.4. Environmental Crimes Information                               | None Identified                  | Gap                |
| 2.5. Environmental Crimes Procedures                                | None Identified                  | Gap                |
| 2.6. Environmental Program Elements                                 | None Identified                  | Gap                |
| <b>Fraud Remedies</b>   |                                  |                    |
| 2.10. Contractual Aspects of the Remedies Program                   | None Identified                  | Gap                |
| <b>Fraud Statutes</b>   |                                  |                    |
| 2.13. Administrative Deficiency                                     | None Identified                  | Gap                |
| <b>Economic Crimes Resources</b>                                    |                                  |                    |
| 2.26. Methods to Obtain Investigative Documentation                 | None Identified                  | Gap                |
| <b>3. BEP</b>   |                                  |                    |
| <b>Economic Crimes DL 102</b>                                       |                                  |                    |
| 3.6. Documents to Request on a Subpoena                             | None Identified                  | Gap                |
| <b>Economic Crimes DL 104</b>                                       |                                  |                    |
| 3.10. Types and Uses of Case Status Reports                         | None Identified                  | Gap                |

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## **APPENDIX G. COMBINED ACFE & AFOSI COMPARATIVE ANALYSIS MATRIX**

The below model displays every ACFE and AFOSI knowledge competency by competency number designator, for a total of 86 knowledge competencies. All ACFE knowledge competencies run on the vertical axis and all AFOSI knowledge competencies run on the horizontal axis. The ACFE (17) and AFOSI (10) knowledge competency designators found in the red box do not have a respective overlapping knowledge competency, totaling 27 knowledge competency gaps. The ACFE (28) and AFOSI (31) knowledge competencies highlighted in green had at least one overlapping knowledge competency, for a total of 59 overlapping knowledge competencies. The darker green boxes mark the knowledge competency where the two bodies of knowledge intersect. Finally, the AFOSI knowledge competency located in the very last column (far right) entitled “NF” represents the non-fraud AFOSI competencies that overlapped with various ACFE knowledge competencies. These non-fraud AFOSI knowledge competencies are marked in blue at the point of intersection with the corresponding ACFE knowledge competency.

| Legend: | Competency Gap |     |     |     |     |     |     |     | Competency Overlap |     |     |     |     |      |      |      | Competency Overlap Intersection |      |      |      |      |      |      |      | AFOSI Non-Fraud Related Overlap Intersection |      |      |      |      |      |      |     |     |     |     |     |     |     |     |     |      |    |
|---------|----------------|-----|-----|-----|-----|-----|-----|-----|--------------------|-----|-----|-----|-----|------|------|------|---------------------------------|------|------|------|------|------|------|------|--|------|------|------|------|------|------|-----|-----|-----|-----|-----|-----|-----|-----|-----|------|----|
|         | 1.1            | 1.2 | 1.3 | 1.4 | 2.1 | 2.2 | 2.3 | 2.4 | 2.5                | 2.6 | 2.7 | 2.8 | 2.9 | 2.10 | 2.11 | 2.12 | 2.13                            | 2.14 | 2.15 | 2.16 | 2.17 | 2.18 | 2.19 | 2.20 | 2.21   | 2.22 | 2.23 | 2.24 | 2.25 | 2.26 | 2.27 | 3.1 | 3.2 | 3.3 | 3.4 | 3.5 | 3.6 | 3.7 | 3.8 | 3.9 | 3.10 | NF |
| 1.1.1   |                |     |     |     |     |     |     |     |                    |     |     |     |     |      |      |      |                                 |      |      |      |      |      |      |      |  |      |      |      |      |      |      |     |     |     |     |     |     |     |     |     |      |    |
| 1.2.1   |                |     |     |     |     |     |     |     |                    |     |     |     |     |      |      |      |                                 |      |      |      |      |      |      |      |  |      |      |      |      |      |      |     |     |     |     |     |     |     |     |     |      |    |
| 1.2.2   |                |     |     |     |     |     |     |     |                    |     |     |     |     |      |      |      |                                 |      |      |      |      |      |      |      |  |      |      |      |      |      |      |     |     |     |     |     |     |     |     |     |      |    |
| 1.2.3   |                |     |     |     |     |     |     |     |                    |     |     |     |     |      |      |      |                                 |      |      |      |      |      |      |      |  |      |      |      |      |      |      |     |     |     |     |     |     |     |     |     |      |    |
| 1.2.4   |                |     |     |     |     |     |     |     |                    |     |     |     |     |      |      |      |                                 |      |      |      |      |      |      |      |  |      |      |      |      |      |      |     |     |     |     |     |     |     |     |     |      |    |
| 1.2.5   |                |     |     |     |     |     |     |     |                    |     |     |     |     |      |      |      |                                 |      |      |      |      |      |      |      |  |      |      |      |      |      |      |     |     |     |     |     |     |     |     |     |      |    |
| 1.2.6   |                |     |     |     |     |     |     |     |                    |     |     |     |     |      |      |      |                                 |      |      |      |      |      |      |      |  |      |      |      |      |      |      |     |     |     |     |     |     |     |     |     |      |    |
| 1.3.1   |                |     |     |     |     |     |     |     |                    |     |     |     |     |      |      |      |                                 |      |      |      |      |      |      |      |  |      |      |      |      |      |      |     |     |     |     |     |     |     |     |     |      |    |
| 1.3.2   |                |     |     |     |     |     |     |     |                    |     |     |     |     |      |      |      |                                 |      |      |      |      |      |      |      |  |      |      |      |      |      |      |     |     |     |     |     |     |     |     |     |      |    |
| 1.3.3   |                |     |     |     |     |     |     |     |                    |     |     |     |     |      |      |      |                                 |      |      |      |      |      |      |      |  |      |      |      |      |      |      |     |     |     |     |     |     |     |     |     |      |    |
| 1.3.4   |                |     |     |     |     |     |     |     |                    |     |     |     |     |      |      |      |                                 |      |      |      |      |      |      |      |  |      |      |      |      |      |      |     |     |     |     |     |     |     |     |     |      |    |
| 1.3.5   |                |     |     |     |     |     |     |     |                    |     |     |     |     |      |      |      |                                 |      |      |      |      |      |      |      |  |      |      |      |      |      |      |     |     |     |     |     |     |     |     |     |      |    |
| 1.3.6   |                |     |     |     |     |     |     |     |                    |     |     |     |     |      |      |      |                                 |      |      |      |      |      |      |      |  |      |      |      |      |      |      |     |     |     |     |     |     |     |     |     |      |    |
| 1.3.7   |                |     |     |     |     |     |     |     |                    |     |     |     |     |      |      |      |                                 |      |      |      |      |      |      |      |  |      |      |      |      |      |      |     |     |     |     |     |     |     |     |     |      |    |
| 1.3.8   |                |     |     |     |     |     |     |     |                    |     |     |     |     |      |      |      |                                 |      |      |      |      |      |      |      |  |      |      |      |      |      |      |     |     |     |     |     |     |     |     |     |      |    |
| 2.1.1   |                |     |     |     |     |     |     |     |                    |     |     |     |     |      |      |      |                                 |      |      |      |      |      |      |      |  |      |      |      |      |      |      |     |     |     |     |     |     |     |     |     |      |    |
| 2.1.2   |                |     |     |     |     |     |     |     |                    |     |     |     |     |      |      |      |                                 |      |      |      |      |      |      |      |  |      |      |      |      |      |      |     |     |     |     |     |     |     |     |     |      |    |
| 2.1.3   |                |     |     |     |     |     |     |     |                    |     |     |     |     |      |      |      |                                 |      |      |      |      |      |      |      |  |      |      |      |      |      |      |     |     |     |     |     |     |     |     |     |      |    |
| 2.1.4   |                |     |     |     |     |     |     |     |                    |     |     |     |     |      |      |      |                                 |      |      |      |      |      |      |      |  |      |      |      |      |      |      |     |     |     |     |     |     |     |     |     |      |    |
| 2.1.5   |                |     |     |     |     |     |     |     |                    |     |     |     |     |      |      |      |                                 |      |      |      |      |      |      |      |  |      |      |      |      |      |      |     |     |     |     |     |     |     |     |     |      |    |
| 2.1.6   |                |     |     |     |     |     |     |     |                    |     |     |     |     |      |      |      |                                 |      |      |      |      |      |      |      |  |      |      |      |      |      |      |     |     |     |     |     |     |     |     |     |      |    |
| 2.2.1   |                |     |     |     |     |     |     |     |                    |     |     |     |     |      |      |      |                                 |      |      |      |      |      |      |      |  |      |      |      |      |      |      |     |     |     |     |     |     |     |     |     |      |    |
| 2.2.2   |                |     |     |     |     |     |     |     |                    |     |     |     |     |      |      |      |                                 |      |      |      |      |      |      |      |  |      |      |      |      |      |      |     |     |     |     |     |     |     |     |     |      |    |
| 2.3.1   |                |     |     |     |     |     |     |     |                    |     |     |     |     |      |      |      |                                 |      |      |      |      |      |      |      |  |      |      |      |      |      |      |     |     |     |     |     |     |     |     |     |      |    |
| 2.3.2   |                |     |     |     |     |     |     |     |                    |     |     |     |     |      |      |      |                                 |      |      |      |      |      |      |      |  |      |      |      |      |      |      |     |     |     |     |     |     |     |     |     |      |    |
| 2.3.3   |                |     |     |     |     |     |     |     |                    |     |     |     |     |      |      |      |                                 |      |      |      |      |      |      |      |  |      |      |      |      |      |      |     |     |     |     |     |     |     |     |     |      |    |
| 3.1.1   |                |     |     |     |     |     |     |     |                    |     |     |     |     |      |      |      |                                 |      |      |      |      |      |      |      |  |      |      |      |      |      |      |     |     |     |     |     |     |     |     |     |      |    |
| 3.1.2   |                |     |     |     |     |     |     |     |                    |     |     |     |     |      |      |      |                                 |      |      |      |      |      |      |      |  |      |      |      |      |      |      |     |     |     |     |     |     |     |     |     |      |    |
| 3.2.1   |                |     |     |     |     |     |     |     |                    |     |     |     |     |      |      |      |                                 |      |      |      |      |      |      |      |  |      |      |      |      |      |      |     |     |     |     |     |     |     |     |     |      |    |



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